

LineTrust.
South Canterbury

FINANCIAL STATEMENTS

2021



Contents

| | |
|----|-----------------------------------|
| 3 | Directory |
| 4 | Chairperson's Annual Report |
| 6 | Statement of Distributions |
| 7 | Statement of Comprehensive Income |
| 8 | Statement of Changes in Equity |
| 9 | Statement of Financial Position |
| 10 | Statement of Cash Flows |
| 12 | Statement of Accounting Policies |
| 15 | Notes to the Financial Statements |

Directory

LineTrust South Canterbury For the year ended 31 August 2021

Nature of Business

Consumer Trust owning 40% of Alpine Energy Ltd

Trust Formation Date

24 June 2002

Trustees

Joy Paterson (Chair from 8 September 2021)

Grant Eames (Previous Chair to 23 August 2021)

Peter Binns

Karen McCrostie

Hugh Perry

Michael Downes

Trust Appointed Directors

Rick Ramsay

Jessie Chan

Beneficiaries

South Canterbury Power Consumers

Warmer Kiwi Homes

Scholarships

Secretary

Ford Simpson Ltd

Accountants

Ford Simpson Ltd
Chartered Accountants
18 Woollcombe Street
Timaru 7910

Auditor

Martin Wakefield Audit Ltd

Bankers

BNZ

CHAIRPERSON'S ANNUAL REPORT FOR LINE TRUST SOUTH CANTERBURY 2021

It is my pleasure to present the 28th Annual report for the 2021 year.

I must begin by acknowledging Grant Eames's service to the LineTrust and his decision to stand down from the LineTrust at the August elections. Grant had been on the Trust for 18 years; 13 years as Chairman. This is an incredible service to the community. In that time there have been many changes and ups and downs. All of which take commitment and leadership to do the best for consumers. I take this opportunity to thank Grant publicly for that service and dedication and to wish him and Mary a less hectic future.

At the recent elections, Grant was replaced by Mike Downes as the representative from Waimate. We welcome Mike and we know that his background as an engineer and volunteer in the community will add to the experience and knowledge at our table.

This election time we did not have to go to the consumers for a vote as there were just sufficient nominations to fill the vacancies. Therefore, I also welcome back Karen McCrostie, Peter Binns and Hugh Perry to the Trust as representatives of the Timaru District. I am the representative from the Mackenzie District and was elected Chair by my fellow trustees. I thank them for their confidence in me. We have a good team of people who work together, listen to each other and find solutions.

During the year, TDHL had a vacancy with their appointed directors to Alpine Energy Ltd. After discussion with the Chair of Alpine Energy and then with the LineTrust, it was decided that the skills and experience on the Board of Alpine needed to be expanded. TDHL invited the Chair of LineTrust to take part in the shortlisting of applicants. We were pleased to be invited by TDHL and agreed to do so, although the MOU between shareholders prevented us from being part of the final decision making. Ultimately, TDHL appointed 2 directors; Don Elder was reappointed, and Melissa Clarke-Reynolds was appointed bringing new skills and experience to the Alpine Board.

This is another example of the shareholders working together. In the previous year, Waimate and Mackenzie Councils worked with the LineTrust to share resources in appointing two directors to the Board. At present the MOU between the shareholders is under review to ensure that it is relevant to today's environment and meets future needs.

Another document under review is our Deed of Trust. This is a complex process and we are finally at the point where we will take the proposed changes to consumers early next year. As stated, it is a complicated process, the changes are numerous as are the reasons for the changes; and it is a costly process. Having not had a postal vote at the August elections we have made some savings which we can put towards the postal vote for the Trust Deed. Many of the changes are simply tidying up, some are to bring the Deed into line with recent legislation and some are to make the operation of the Trust more able to cope with modern business practices. What the changes will not allow is the changing of the fundamental basis of the Trust. There are entrenched clauses in the Deed which protect the purpose of the Deed and the Trust.

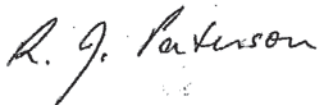
The programme of work for insulating homes in the three districts has continued. Instead of Healthy Homes, it is now called Warmer Kiwi Homes. We had believed that YE2020 was to be our last year. However, because of the benefit to the community, in YE2021, the LineTrust managed to put \$50,000 into the programme. It has committed to put in another \$50,000 for 2021-2022. These funds came from a loan to Cozy Homes that was no longer required and therefore recalled.

Over the last 2 years, the Trust has offered scholarships to young people who are going on to university to study in a field that will benefit the industry. We have been delighted that the young men selected have been successful in their studies. Both have interned at Alpine Energy. This year we have awarded two more scholarships.

As we are required by the Trust Deed, we carried out the three yearly review of ownership of Alpine Energy shares. The LineTrust resolved that the Trustees accept the company review recommending that LineTrust South Canterbury remain a 40% shareholder of Alpine Energy Ltd.

As foreshadowed in last year's report, the dividend received from Alpine Energy for YE2021 is much reduced leaving \$782,870 available to be distributed to beneficiaries; down by 78% on the previous year. This was the outcome of the Commerce Commission determination to reduce Alpine's revenue.

Finally, I would like to thank my fellow trustees, Karen, Peter and Hugh for their support and hard work during the year. As I said before, we make a good team. I also thank Ant Ford and Steph Fraser of Ford Simpson for their administration of LineTrust South Canterbury and hard work through the year.



18 November 2021

Chair

Statement of Distributions

LineTrust South Canterbury For the year ended 31 August 2021

| | 2021 | 2020 | 2019 |
|--|----------------|------------------|------------------|
| Distributions | | | |
| Available Distributions | | | |
| Total Comprehensive Income | 10,471,836 | 7,663,154 | 4,603,604 |
| Equity Accounted Surplus from Associate | (7,102,800) | (8,654,800) | (5,500,000) |
| Other Comprehensive Income in Associate | (3,462,290) | 927,310 | 632,510 |
| Income Tax | (45,931) | (31,687) | (49,471) |
| Dividend Received - Alpine Energy Ltd | 991,872 | 3,967,490 | 3,967,490 |
| Movement in Accrued Interest | 17,168 | 27,977 | (857) |
| Net Income Available for Distribution | 869,855 | 3,899,444 | 3,653,276 |
| Percentage Distributed | 90 | 90 | 90 |
| Available to Distribute to Beneficiaries | 782,870 | 3,509,500 | 3,287,948 |

Allocation of \$3,509,499

| Load Group | Allocate by | Amount |
|----------------------------------|----------------------------|---|
| Under 14 kVA (Standard Domestic) | Fixed Amount | \$70.00 |
| 3 x 60 A (Small Commercial) | Fixed Amount | \$254.41 |
| Over 15 kVA Assessed & Nameplate | Demand Factor | individually determined based on capacity |
| TOU 400 V | Demand Factor + winter kWh | individually determined based on line charges |
| TOU 11 kV | Demand Factor + winter kWh | individually determined based on line charges |

Distributions are made in the year subsequent to earnings.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Comprehensive Income

LineTrust South Canterbury For the year ended 31 August 2021

| | NOTES | 2021 | 2020 |
|---|-------|-------------------|------------------|
| Revenue | | | |
| Interest Received - BNZ | | 22,049 | 98,604 |
| Total Revenue | | 22,049 | 98,604 |
| Expenses | | | |
| ACC Levies | | 118 | - |
| Accountancy Fees | 14 | 15,400 | 15,400 |
| Advertising | | 2,946 | 4,465 |
| Audit Fee | 1 | 3,910 | 3,910 |
| Bank Fees | | 40 | 86 |
| Conference & Seminar Expenses | | 2,762 | 2,253 |
| Consultancy Fees | | (4,921) | 20,619 |
| Dividend Distribution Costs | | 9,346 | 13,030 |
| Ecobulb Distribution Costs | | - | 8 |
| Election Expenses | | 5,817 | - |
| Energy Trusts of New Zealand | | 8,214 | 8,214 |
| Insurance | 10 | 8,481 | 8,481 |
| Legal expenses | | 3,486 | 4,483 |
| Meeting Expenses | | 380 | 360 |
| Secretarial Costs | 14 | 17,720 | 31,077 |
| Trustees Reimbursements | | 6,982 | 8,491 |
| Trustees Remuneration | 13 | 80,552 | 73,750 |
| Total Expenses | | 161,233 | 194,627 |
| Operating Surplus (Deficit) | | (139,184) | (96,023) |
| Other Income | | | |
| Equity Accounted Surplus in Alpine Energy Ltd | 9 | 7,102,800 | 8,654,800 |
| Surplus (Deficit) before Income Tax | | 6,963,616 | 8,558,777 |
| Income Tax Expense | | | |
| Income Tax Expense | 2 | (45,931) | (31,688) |
| Surplus/(Deficit) after Income Tax | | 7,009,546 | 8,590,465 |
| Other Comprehensive Revenue and Expense | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Other Comprehensive Income in Revaluation Associate Alpine Energy Ltd | | 2,975,090 | 290 |
| Gain/(Loss) on Revaluation of Land and Buildings | | (138,000) | (171,600) |
| Items that may be subsequently reclassified to Profit or Loss | | | |
| Gain/(Loss) on Interest Rate Swap | | 625,200 | (756,000) |
| Total Comprehensive Income for the Year, Net of Tax | | 10,471,836 | 7,663,154 |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Changes in Equity

LineTrust South Canterbury For the year ended 31 August 2021

| | CONTRIBUTED CAPITAL | REVALUATION RESERVE | HEDGE RESERVE | RETAINED PROFITS | TOTAL |
|------------------------------------|------------------------|------------------------|--------------------|---------------------|--------------------|
| 2020 | | | | | |
| Equity | | | | | |
| Balance as at 1 September 2019 | 16,531,207 | (65,569) | (920,400) | 42,107,915 | 57,653,153 |
| Revenue | | | | | |
| Profit from Operations | - | - | - | 8,590,464 | 8,590,464 |
| Other Comprehensive Revenue/(Loss) | - | (171,309) | (756,000) | - | (927,309) |
| Total Revenue | - | (171,309) | (756,000) | 8,590,464 | 7,663,155 |
| Distributions | | | | | |
| Distribution to Consumer Projects | - | - | - | (237,023) | (237,023) |
| Distribution to Consumers | - | - | - | (3,497,745) | (3,497,745) |
| Total Distributions | - | - | - | (3,734,768) | (3,734,768) |
| Total Equity | 16,531,207 | (236,878) | (1,676,400) | 46,963,611 | 61,581,540 |
| | CONTRIBUTED CAPITAL | REVALUATION RESERVE | HEDGE RESERVE | RETAINED PROFITS | TOTAL |
| 2021 | | | | | |
| Equity | | | | | |
| Balance as at 1 September 2020 | 16,531,207 | (236,878) | (1,676,400) | 46,963,611 | 61,581,540 |
| Revenue | | | | | |
| Profit from Operations | - | - | - | 7,009,546 | 7,009,546 |
| Other Comprehensive Revenue/(Loss) | - | 2,837,090 | 625,200 | - | 3,462,290 |
| Total Revenue | - | 2,837,090 | 625,200 | 7,009,546 | 10,471,836 |
| Distributions | | | | | |
| Distribution to Consumer Projects | - | - | - | (54,000) | (54,000) |
| Distribution to Consumers | - | - | - | (3,484,401) | (3,484,401) |
| Total Distributions | - | - | - | (3,538,401) | (3,538,401) |
| Total Equity | 16,531,207 | 2,600,212 | (1,051,200) | 50,434,756 | 68,514,975 |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





Statement of Financial Position

LineTrust South Canterbury
As at 31 August 2021

| | NOTES | 31 AUG 2021 | 31 AUG 2020 |
|----------------------------------|-------|-------------------|-------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 153,581 | 1,364,496 |
| Accrued Income | | 3,601 | 20,769 |
| Income Tax Receivable | | 27,456 | 63,523 |
| Prepayments | | - | 2,807 |
| BNZ - Short Term Deposits | | 1,738,530 | 3,150,000 |
| Total Current Assets | | 1,923,168 | 4,601,594 |
| Non-Current Assets | | | |
| Investment in Alpine Energy Ltd | 9 | 66,382,128 | 56,808,910 |
| Future Income Tax Benefit | 8 | 230,007 | 184,076 |
| Total Non-Current Assets | | 66,612,135 | 56,992,986 |
| Total Assets | | 68,535,302 | 61,594,580 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | 3 | 20,327 | 13,040 |
| Total Current Liabilities | | 20,327 | 13,040 |
| Total Liabilities | | 20,327 | 13,040 |
| Net Assets | | 68,514,975 | 61,581,540 |
| Equity | | | |
| Capital | | 16,531,207 | 16,531,207 |
| Accumulated surpluses (deficits) | | 50,434,756 | 46,963,611 |
| Reserves | | 1,549,012 | (1,913,278) |
| Total Equity | | 68,514,975 | 61,581,540 |

R. J. Paterson

Trustee

18 November 2021

Date

M. J. Prosk

Trustee

Date

18/11/21

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Cash Flows

LineTrust South Canterbury
For the year ended 31 August 2021
Cash Basis

| | 2021 | 2020 |
|---|--------------------|--------------------|
| Cash Flow | | |
| Cash Flows from Operating Activities | | |
| Cash was received from: | | |
| Dividends Received | 922,992 | 3,967,490 |
| Interest Received | 39,216 | 126,580 |
| Tax Refund | 63,523 | 84,169 |
| Ecobulb Returns | - | 12,194 |
| Total | 1,025,731 | 4,190,433 |
| Cash was applied to: | | |
| Operating Expenses | (162,315) | (182,533) |
| Tax Paid | (12,941) | (314,024) |
| Total | (175,256) | (496,557) |
| Net Cash Flows from Operating Activities | 850,475 | 3,693,876 |
| Cash Flows from Investing Activities | | |
| Cash was received from: | | |
| Withdrawal of Investments | 1,411,471 | 1,156,712 |
| Total | 1,411,471 | 1,156,712 |
| Net Cash Flows from Investing Activities | 1,411,471 | 1,156,712 |
| Cash Flows from Financing Activities | | |
| Cash was applied to: | | |
| Distribution to Consumers | (3,430,035) | (3,254,030) |
| Warmer Kiwi Homes | (38,825) | (244,635) |
| Scholarships | (4,000) | (4,000) |
| Total | (3,472,860) | (3,502,665) |
| Net Cash Flows from Financing Activities | (3,472,860) | (3,502,665) |
| Net Increase/(Decrease) in Cash | (1,210,914) | 1,347,923 |
| Bank Accounts and Cash | | |
| Opening Cash | 1,364,495 | 16,572 |
| Net Increase in Cash Held | (1,210,914) | 1,347,923 |
| Closing Cash | 153,581 | 1,364,495 |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





2021

2020

Reconciliation of Profit after Tax with Net Cashflow Operations

| | | |
|--|----------------|------------------|
| Profit (loss) after tax | 7,009,546 | 8,590,464 |
| Equity Accounted Surplus in Alpine Energy Ltd | (7,102,800) | (8,654,800) |
| Increase (decrease) in Accounts Payable | (3,889) | 9,723 |
| Decrease (increase) in Accrued Interest | 17,168 | 27,977 |
| Decrease (increase) in Prepayments | 2,807 | 2,363 |
| Equity Consolidation of Alpine Energy Ltd | 991,872 | 3,967,490 |
| Taxation Refunded (Paid) | (18,298) | (229,855) |
| Provision for Taxation | (45,931) | (31,688) |
| Ecobulbs | - | 12,201 |
| Total Reconciliation of Profit after Tax with Net Cashflow Operations | 850,475 | 3,693,875 |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





Statement of Accounting Policies

LineTrust South Canterbury For the year ended 31 August 2021

Reporting Entity

LineTrust South Canterbury is a Consumer Electricity Trust.

The Trust was formed subject to the 4 June 2002 High Court decision. Its financial reports are prepared in accordance with the Electricity Industry Act 2010 s99.

The Trust is domiciled in New Zealand.

The Trust was established to hold 40% of the shares in Alpine Energy Limited. The principal activity of the Trust is to invest in accordance with the terms of the Trust Deed for the long term good of their beneficiaries.

The object of the Trust is to hold shares in Alpine Energy Limited on behalf of the consumers, exercising the rights attached to ownership and distribute to consumers the benefits of ownership including any dividends received by the Trust, and to carry out future ownership reviews involving public consultation.

These financial statements have been authorised for issue by the Trustees on the date the statement of financial position was signed. There is no power to amend the financial statements after issue.

Distribution Policy

The Trust distributes to beneficiaries a minimum of 90% of net profit, calculated on the basis of cash received. The equity accounted share of the Trust's profits in Alpine Energy Ltd have not been received by the Trust in cash, and therefore are not available for distribution. A statement of distributions is included in these financial statements showing the reconciliation between the net profit per the Statement of Comprehensive Income, and the net profit available for distribution to beneficiaries.

Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial Reporting Standards, as appropriate for profit-oriented entities as set out in the External Reporting Board Standard A1: Accounting Standards Framework.

LineTrust South Canterbury is designated as a for profit oriented entity for financial reporting purposes as the Trustees believe the Trust does not meet the definition of a public benefit entity.

LineTrust South Canterbury is eligible to apply Tier 2 For-Profit accounting standards (NZ IFRS RDR For-Profit Accounting standards) (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The trust has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Going Concern

The adoption of the going concern assumption is appropriate. The Trustees have considered the working capital requirements for the 2022 financial year and are satisfied that revenues to the date of signing these financial statements are sufficient.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied.

Expenses

Expenses have been classified by their function to the Trust.

Trade Receivables

Accounts Receivable represents items that the trust has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the trust realistically expects to receive.

Income Tax

The income tax expense charged to the Statement of Comprehensive Income recognises the current year's provision adjusted for timing and permanent differences between taxable and accounting income. Deferred tax is calculated using the comprehensive basis under the liability method and future tax benefits are not recognised unless realisation of the asset is virtually certain.

Investments

Investment in Associate

Alpine Energy Ltd is an associated company. LineTrust South Canterbury has a 40% shareholding. This associate has been reflected in the financial statements on an equity basis, which shows the Trust's share of net profits in the Statement of Comprehensive Income, and its share of post acquisition increases or decreases in net assets in the Statement of Financial Position. Dividends received from Alpine Energy Ltd are eliminated from the Statement of Comprehensive Income with this method of presentation.

Other Investments

Investments with registered banks or other entities are recorded at their book value at balance date, exclusive of any interest accrued to balance date.

Goods and Services Tax (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The entity is not GST registered.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and bank balances, with original maturities of 90 days or less.

Sundry Creditors

Sundry creditors and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. Sundry creditors are recognised at fair value (being cost).

Revenue Recognition - Exchange Transactions

Interest revenue on cash and cash equivalents and investments is recognised in the income statement as it accrues, using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Financial Instruments

The trust's financial assets comprise cash and cash equivalents, accounts receivable and deposits. All of these financial assets are categorised as 'loans and receivables' for accounting purposes in accordance with financial reporting standards.

The trust's financial liabilities comprise accounts payable. All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial year.

Significant Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 31 Augst 2021: No critical judgements have been made this year.

Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no significant sources of estimation uncertainty.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





Notes to the Financial Statements

LineTrust South Canterbury For the year ended 31 August 2021

| | 2021 | 2020 |
|--|--------------------|--------------------|
| 1. Auditor's Remuneration | | |
| The auditor of LineTrust South Canterbury is Martin Wakefield Audit Ltd | | |
| Audit Fee | 3,910 | 3,910 |
| Total Auditor's Remuneration | 3,910 | 3,910 |
| | 2021 | 2020 |
| 2. Tax Reconciliation | | |
| Surplus (Deficit) | | |
| Surplus (Deficit) before Income Tax | 6,963,616 | 8,558,777 |
| Added back | | |
| Net Dividends Received - Alpine Energy Ltd | 991,872 | 3,967,490 |
| Accrued Interest | 17,168 | 27,977 |
| Imputation Credits | 385,728 | 1,542,912 |
| Total Added back | 1,394,768 | 5,538,379 |
| Deducted | | |
| Equity Accounted Surplus in Alpine Energy Ltd | (7,102,800) | (8,654,800) |
| Total Deducted | (7,102,800) | (8,654,800) |
| Taxable Income | 1,255,584 | 5,442,356 |
| Less | | |
| Distribution from Current Year Income | (782,870) | (3,509,499) |
| ICA Credits Allocated to Beneficiaries | (304,450) | (1,364,805) |
| Loss Utilised | - | (7,768) |
| Trustees Taxable Income | 168,264 | 560,284 |
| Tax Expense | | |
| Tax Expense at 33% | 55,527 | 184,893 |
| Imputation Credits | (55,527) | (178,107) |
| Total Tax Expense | - | 6,786 |
| Tax Expense Comprises | | |
| Current Tax per Taxes Payable | - | 6,786 |
| Deferred Income Tax | 45,931 | (38,474) |
| Total Tax Expense Recognised in Profit | 45,931 | (31,688) |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



3. Financial Instruments

Trade Receivables, trade payables are disclosed at their carrying value. The carrying value of these assets and liabilities are equivalent to, or approximate their fair value.

| | 2021 | 2020 |
|------------------------------------|------------------|------------------|
| Loans and Receivables | | |
| Cash and Cash Equivalents | 153,581 | 1,364,496 |
| Receivables | 3,601 | 20,769 |
| Term Deposits | 1,738,530 | 3,150,000 |
| Total Loans and Receivables | 1,895,712 | 4,535,265 |

| | 2021 | 2020 |
|---|---------------|---------------|
| Financial Liabilities measured at Amortised Cost | | |
| Payables | 20,327 | 13,040 |
| Total Financial Liabilities measured at Amortised Cost | 20,327 | 13,040 |

4. Dividends

Under clause 5.2 of the trust deed, the Trust distributes at least ninety percent of the surplus available for distribution to consumers and consumer projects. Under clause 5.3 the distribution may be delayed to meet the Trust tax obligations.

| | 2021 | 2020 |
|--------------------------------|---------------|----------------|
| 5. Consumer Projects | | |
| Warmer Kiwi Homes | 50,000 | 233,023 |
| Scholarships | 4,000 | 4,000 |
| Total Consumer Projects | 54,000 | 237,023 |

| | 2021 | 2020 |
|----------------------------------|-----------|-------------|
| 6. Imputation Credits | | |
| Imputation Credits Received | 385,728 | 1,542,913 |
| Applied to Consumer Distribution | (304,450) | (1,364,805) |
| Applied to Tax Expense | (55,527) | (178,108) |
| Converted to Loss | (25,751) | - |
| Total Imputation Credits | - | - |

| | 2021 | 2020 |
|--|------------------|------------------|
| 7. Dividends Received from Alpine Energy Ltd | | |
| Gross Dividend 30 September | 275,520 | 1,102,080 |
| Gross Dividend 31 December | 275,520 | 1,102,080 |
| Gross Dividend 31 March | 275,520 | 1,102,080 |
| Gross Dividend 31 July | 551,040 | 2,204,161 |
| Total Dividends Received from Alpine Energy Ltd | 1,377,601 | 5,510,401 |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



| | 2021 | 2020 |
|--|----------------|----------------|
| 8. Future Income Tax Benefit | | |
| Opening Balance | 184,076 | 145,602 |
| Movement in Deferred Income Tax | 45,931 | 38,474 |
| Total Future Income Tax Benefit | 230,007 | 184,076 |

9. Investments in Associates

Alpine Energy Ltd

16,531,207 fully paid Ordinary \$1.00 Shares in Alpine Energy Ltd vested in the Trust in terms of The Energy Companies (Alpine Energy Ltd) Vesting Order 1993. These have been valued at 40% of total shareholders funds as shown in the 2020 Alpine Energy Ltd Annual Report, in accordance with NZ IAS 28: Investments in Associates and Joint Ventures using the equity method. The only exemption is that Alpine Energy has a 31 March balance date. It is impractical for Alpine Energy Limited to provide information to 31 August 2021. Any management accounts to that date may be unreliable for financial reporting purposes due to the inclusion or omission of audited accounting estimates and fair value items. Therefore the Trustees consider that the audited financial statements of Alpine Energy Limited to 31 March present the most reliable form of information, from which dividends received by this Trust correspond to dividends distributed to consumers.

Management has concluded that the financial statements present fairly the entity's financial position, financial performance and cashflows, allowing for the NZIAS 28 departure.

The financial statements comply with NZ IFRS except that it has departed from the requirement of NZ IAS 28 para 34, that there be no more than a three month interval between the LTSC and AEL to achieve fair presentation. NZ IAS 28 para 34 would require that LTSC obtain and adjust the management accounts of AEL to GAAP standard for equity consolidation, it is impractical to provide the information in GAAP format and have it audited to the year ended 31 August. Consolidation of the management accounts to 31 August would lead to multiple departures from GAAP standards and be misleading to the readers, therefore the treatment adopted is to equity consolidate the audited financial statements of AEL to 31 March 2021. This treatment is consistent for both the current year and comparative period.

It is not possible to quantify the departure from NZ IAS 28 para 34 on a line by line basis.

An Independent Valuation as at 31 March 2021 under the NZ Equivalents to International Financial Reporting Standards has indicated a valuation of \$5.21 per share or \$86,171,600 for the Trust's 40% shareholding in Alpine Energy Ltd.

The principal activity of Alpine Energy Ltd is the ownership of the electricity distribution network in South Canterbury. The Group, Alpine Energy Ltd and its subsidiaries (NETCon Ltd, Timaru Electricity Ltd, Infracore Ltd and Infracore Renewables (Rarotonga) Ltd) and associated entities (On Metering Ltd, NETcon Clay Energy Joint Venture and Sunfra Joint Venture) also undertake asset management and contracting services.

10. Trustee Insurance

During the financial period the Trust paid premiums in respect of Trustees and Officers Liability insurance.

11. Resettlement of Trust

There was a resettlement of the Trust on 24 June 2002 where the Trust changed its name from South Canterbury Power Trust to LineTrust South Canterbury.

12. Guidelines for access to information from Beneficiaries

The Trust received no requests for information under the Guidelines for the year ended 31 August 2021.

13. Changes in Trustees Remuneration

The Trustees remuneration has been paid at full rates during the 2021 financial year, after a decrease last year by 20% due to Covid-19.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

14. Related Parties

Ford Simpson Ltd is Secretary of the LineTrust South Canterbury and also prepares the Financial Statements for the Trust. All transactions between LineTrust South Canterbury and Ford Simpson Ltd have been conducted on a commercial basis. Charges between the parties are for services provided as part of the normal operating activities of the Trust, and as such have been incorporated into the operating costs of the Trust as stated below;

| | 2021 | 2020 |
|-------------------|--------|--------|
| Charges | | |
| Accountancy Fees | 15,400 | 15,400 |
| Secretarial Costs | 17,720 | 31,077 |

At balance date, accounts payable includes \$2,760 of secretarial costs.
Trust distributions are paid to Trustees at the same rates as all other beneficiaries.

15. Capital Commitments

The Trust committed \$50,000 to Warmer Kiwi Homes Project in 2022. (LY: \$50,000)

16. Contingent Liabilities and Guarantees

The Trust's share of its contingent liabilities of its associated company Alpine Energy Limited, at a 40% shareholding as at 31 March 2021 are as follows:-
\$2,844,000 in the form of performance and import guarantees to cover ongoing project work (2020 NZD\$4,620,000)

17. Covid-19

On 17 August 2021, following the detection of Covid-19 in the community, the New Zealand Government ordered an economy-wide lockdown, during which all non-essential businesses and organisations would not be permitted to operate. The lockdown, which commenced at 11:59pm on 17 August, was reduced for all of New Zealand except Auckland to level 3 at 11:59pm 31 August, and then to level 2 at 11:59pm on 7 September.

At this stage it is unclear what effects Covid-19 will have on future income and expenses.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





SCI 2021-2023

This Statement of Corporate Intent (SCI) is submitted by the Board of Directors of Alpine Energy Limited, in accordance with section 39 of the Energy Companies Act 1992 (the Act). It sets out the Board's overall intentions and objectives for Alpine Energy Limited and its subsidiary companies (the Alpine Group) for the year commencing 1 April 2020 and the following two financial years.

Contents

| | |
|--|----|
| Contents..... | 3 |
| FY 2021/2023 Statement Of Corporate Intent | 4 |
| Our Purpose | 5 |
| Our Vision..... | 6 |
| Our Values..... | 7 |
| Strategic Objectives and Outcomes..... | 8 |
| Nature and scope of activities to be undertaken | 9 |
| Proprietorship Ratio..... | 9 |
| Accounting Policies | 10 |
| Financial Performance Targets | 10 |
| Operating Performance Targets | 12 |
| Dividend Distribution Policy..... | 12 |
| Sponsorship..... | 13 |
| Information to be provided to shareholders | 13 |
| Annual reporting | 13 |
| Statement of Corporate Intent | 14 |
| Letter of expectation..... | 14 |
| Monthly reporting..... | 14 |
| Procedures for Acquisition of interests in Other Companies or Organisations..... | 15 |
| Transaction Details..... | 15 |
| Further Matters | 16 |

Please note, that no allowance has been made for the effects of COVID 19. This Statement of Corporate Intent assumes the pandemic will be controlled and that it will not have a significant effect on the availability of skills, equipment and material. Should this not be the case, it may be subject to change.

FY 2021/2023 STATEMENT OF CORPORATE INTENT

Alpine Energy Limited (the "Company") is an electricity distribution company.

This statement of corporate intent sets out the overall intentions and objectives for the group for the trading period of 1 April 2020 to 31 March 2021 and the two succeeding financial years, and also meets the requirements of the Energy Companies Act 1992.

Alpine Energy Limited ("the company") and its subsidiaries and joint arrangements (together, "the group") own an electricity distribution network, and also undertake assets management contracting services.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 24 Elginshire Street, Washdyke, Timaru.



Our Purpose

*“Infrastructure
providing secure
reliable
electricity supply
in South
Canterbury”*

We're a community-owned and operated business which owns and operates the electricity distribution network in South Canterbury. The network connects over 31,000 customers throughout the region.

A low-angle photograph of a utility pole with power lines and a helicopter flying in the sky. The utility pole is on the left, and the helicopter is on the right. The sky is blue with some clouds.

Our Vision

*“Empowering
our
Community”*

*We're community owned and proud of it,
working with our community for our community
in all we do.*

Our Values

Safety

We value health & safety always

Accountability

We accept responsibility

Integrity

We are honest and sincere; we mean what we say and say what we mean

We do all this on a foundation of

Respect

Strategic Objectives and Outcomes

Alpine's strategic objectives are shown in figure 1. Having considered the drivers of the business, we will develop, review and update our strategic objectives and desired outcomes prior to the commencement of each financial year.

Reporting against our strategic objectives and outcomes, in addition to the reporting obligations referenced throughout, will be by way of regular monthly reporting to our shareholders and shareholder meetings.

Figure 1 – Strategic Objectives



Nature and scope of activities to be undertaken

Our business will primarily be that of quality energy delivery and infrastructure asset ownership and management.

We are, through our subsidiary companies, NETcon Limited and Infratec Limited, also involved in activities which support and develop our business.

Consistent with our objectives we will pursue activities designed to ensure the efficient utilisation of our capital assets and human resources.

Opportunities for investment in activities, consistent with our purpose, will be investigated.

We will consult with our shareholders on any proposed investment which has a value greater than 5% of the value of the total assets of the group, as disclosed in the statement of financial position published in our preceding annual report.

We will not proceed on any projects other than the safe, efficient, reliable and cost-effective sale and delivery of energy (renewable and historical) and data (e.g. backhaul fibre) and will not proceed without the support of the majority of our shareholders.

Proprietorship Ratio

Our ratio of shareholders' funds to total assets will be maintained at not less than 45 percent.

Total assets will comprise all the recorded tangible assets of the group at their value as defined in the group's statement of accounting policies.

Consolidated shareholders' funds of the group will comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves.

Accounting Policies

Our accounting policies will comply with the legal requirements of the Companies Act 1993 and be consistent with generally accepted accounting principles. Our financial statements will conform to the Financial Reporting Standards as required by the Financial Reporting Act 1993.

Financial Performance Targets

We have developed financial performance targets and associated key performance indicators to achieve productivity improvements in each of our main business units.

The following performance measures have been established for the group; it should be noted the reduction in revenue in 2020/21 reflects the impact from the regulatory reset period from 1 April 2020 i.e. DPP3.

Please note, that no allowance has been made for the effects of COVID 19. The financial performance targets assume that the pandemic will be controlled and that it will not have a significant effect on the availability of skills, equipment and material. Should this not be the case, the targets will be subject to change.

Statement of Corporate Intent Financials - Alpine Group
For the years ended 31 March 2021 - 2023

| | Alpine Group | | |
|---|--------------|------------|------------|
| | 2020/21 | 2021/22 | 2022/23 |
| (i) Ratio of shareholders funds to total assets | 54% | 55% | 56% |
| (ii) Rate of return on shareholders' funds: | 7.34% | 6.12% | 6.04% |
| (iii) Net Tangible Assets per share \$ | 7.45 | 7.68 | 7.90 |
| (iv) Earnings per share (cents per share) | 28.76 | 25.84 | 26.75 |
| (v) Ordinary Dividend per share (cents per share) | 6.00 | 6.00 | 6.00 |
| Financial Projections | \$M | \$M | \$M |
| Revenue | 84.3 | 86.5 | 88.7 |
| Operating Expenses | 68.6 | 71.5 | 72.8 |
| Operating Surplus Before Tax | 15.7 | 15.0 | 15.8 |
| Net Operating Surplus After Tax | 11.9 | 10.7 | 11.1 |
| Shareholder Funds | 166.6 | 174.7 | 183.7 |
| Current assets | 13.2 | 15.0 | 16.6 |
| Non-current Assets | 294.6 | 302.3 | 309.9 |
| Total Assets | 307.8 | 317.2 | 326.5 |
| Current Liabilities | 14.0 | 14.7 | 14.9 |
| Non-current liabilities | 127.2 | 127.8 | 127.9 |
| <i>Term debt included in above</i> | 89.7 | 91.9 | 92.9 |
| Total Liabilities | 141.20 | 142.49 | 142.80 |
| Net assets | 166.6 | 174.7 | 183.70 |
| Customer Capital Contributions | 2.1 | 2.1 | 2.1 |
| Capital Expenditure | 20.4 | 19.0 | 18.5 |
| - Asset Management Plan (Network) | 16.6 | 16.9 | 17.4 |
| - Other (Non-network) | 3.8 | 2.1 | 1.1 |
| Interest Cover - Parent (not to be less than 3.0 times) | 5.09 | 4.82 | 4.85 |
| Interest Cover - Group | 5.11 | 5.26 | 5.23 |
| Shareholder Funds to total assets (Parent) to be 45% or greater | 55% | 56% | 57% |
| Shareholder Funds to total assets (Group) | 54% | 55% | 56% |

Operating Performance Targets

We have developed annual operating performance targets to show how our quality of service to customers and consumers is focused. Apart from the consequences of extreme weather events, it is our intention to remain within the cap imposed under DPP3 for interruptions. Our annual operating targets below are based on these criteria.

- i. Electricity Line Losses < 6% per year
- ii. Average Interruption Duration (SAIDI¹):
 - a) Planned: 55 interruptions² on the network
 - b) Unplanned: 91.9 interruptions² on the network
- iii. Average Interruption Frequency (SAIFI)
 - a) Planned: 0.70 interruptions on the network
 - b) Unplanned: 1.20 interruptions on the network

Dividend Distribution Policy

We intend, subject to a solvency certificate being signed by Directors, to distribute to our shareholders in cash, a total of 6.0 cents per share with respect to FY 2021 and the following two years.

The Board of Directors will include within its report on the operations of the group (prepared after the end of each financial year) a statement recommending the maximum amount of dividend (if any) payable by the group in respect of its equity securities.

Quarterly interim dividends of 20% of the annual forecasted dividend will be paid out on 30 September, 31 December, and 31 March with a final dividend on 31 July subject to completion of the Annual General Meeting.

¹ Please note that under DPP3, the calculation of SAIDI interruptions has changed. Our planned SAIDI outages limit has increased to allow for planned work to be effectively delivered. In addition, the compliance is now measured over the five-year reset period as opposed to the annual assessment under DPP2. Unplanned outages remain assessed annually.

² Please note we have used the term 'interruptions' which is derived from the Commerce Commission's use of the term in the information disclosure schedules that accompany the AMP. The more commonly used term is 'minutes'.

Sponsorship

In addition to the above, we are proud to sponsor an extensive range of personal endeavours, activities and events throughout the region which help make a difference in the community.

The sponsorship advisory committee considers a range of applications across sporting, cultural and community areas of personal development. It is the intention for this sponsorship to continue under the period covered by this Statement of Corporate Intent, subject to the availability of funding to do so.

Information to be provided to shareholders

We will provide information which complies with all relevant statutes and regulation. The following information will be available:

Annual reporting

Half yearly reports will be delivered to our shareholders within two months after the end of each reporting period. These reports will comprise:

- i. a report from the directors covering the operations for the half year period, including significant activities of the group and its subsidiaries; and
- ii. financial statements, including a statement of financial position and a statement of profit and loss.

Annual reports will be delivered to our shareholders within three months of the end of each financial year and will comprise:

- i. a report from the directors covering the operations for the year, including significant activities of the group in regard to our subsidiaries;
- ii. audited consolidated financial statements for the financial year in respect of the group and its subsidiaries (if any);
- iii. auditors' report on the financial statements and the performance targets (together with other measures by which performance of the group has been judged in relation to our objectives).

The group audited consolidated financial statements will comprise the following:

- i. Income Statement
- ii. Balance Sheet
- iii. Statement of cash flows
- iv. Statement of changes in equity
- v. Details of all transactions entered into during the financial year by the Company or any of our subsidiaries and certain other bodies
- vi. Such other statements as may be necessary to fairly reflect the financial position of the Company and our subsidiaries (if any), the resources available to it or them and the financial results of the operations.

Statement of Corporate Intent

A draft Statements of Corporate Intent will be delivered to our shareholders one month before the end of each financial year. The Board of Directors shall consider any comments on the draft statement of corporate intent that are made to it, within two months of the commencement of the financial year. We shall deliver the completed Statement of Corporate Intent to shareholders within three months of the commencement of the financial year.

Letter of expectation

From time to time shareholders may provide the board with a Letter of Expectation which may set out additional matters relevant to the engagement of the shareholders with the group.

Monthly reporting

We will agree with shareholders on the form and content of monthly reporting.

Monthly dashboard reports will be provided to shareholders covering the following information:

- i. Health & safety
- ii. Alpine Group Overview;
- iii. Risk Summary;
- iv. Alpine Group Financial Performance (YTD)/YTD results against budget for each of Alpine Energy, NETcon and Infratec;
- v. Financial Commentary
- vi. Operational Performance
- vii. Any other matters agreed with shareholders.

Shareholders may request further information or reports from the Directors, and we shall supply this information to all shareholders in such manner as shall from time to time be agreed with shareholders.

Procedures for Acquisition of interests in Other Companies or Organisations

As a general policy, any proposed investment by the group in other companies or organisations will be required to exceed the Regulatory weighted average cost of capital (WACC) for the current pricing period.

All investment proposals will be considered by the Board of Directors and in respect of any acquisition which has a value greater than 5% of the value of the total assets of the group, as disclosed in the statement of financial position published in the preceding annual report, recommendations will be made for shareholders' approval.

Transaction Details

The following information is disclosed in terms of Section 39(2) (i) of the Energy Companies Act 1992:

- Contractual arrangements with the District Councils include:
 - Development, installation and maintenance of community lighting facilities.
 - Road and Footpath Sealing: - re-sealing of cable trenches and restoration of footpaths etc. after underground cabling and new subdivisions.
 - Leasing of vacated gas reticulation pipe works for the conveyance of fibre and/or electrical infrastructure i.e. ducting and cable.
- Transactions with related parties include:
 - Master services agreement for the provision of network contracting services.
 - Advisory services relating to renewables and future technologies.
 - Financing arrangements.
 - Rentals received on commercial property leases.
 - Rental received for smart meters and associated management fee transactions
 - Interest levied to joint venture partners.

All transactions with our shareholders will be conducted on a commercial basis. Charges between the parties made for services provided as part of the normal trading activities, are incorporated into our operating costs and revenues.

Further Matters

From time to time, we will investigate opportunities in our industry. For significant opportunities, we will seek the necessary shareholder support.

The maintenance and development of our network is our primary responsibility. Our pricing methodology will be based on a fair and reasonable allocation across the consumer base.

We will seek to collaborate with the wider lines industry in seeking to improve consumer, community and workplace outcomes through developments such as:

- Health and safety leadership
- Tariff reform to reflect cost reflective pricing
- Technology development strategies to keep abreast of change
- Disaster recovery strategies
- Capturing economies of scale



INDEPENDENT AUDITOR'S REPORT

To the Members of LineTrust South Canterbury

Opinion

We have audited the financial statements of LineTrust South Canterbury on pages 7 to 18, which comprise the statement of financial position as at 31 August 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 7 to 18, present fairly, in all material respects, the financial position of Line Trust South Canterbury as at 31 August 2021, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of LineTrust South Canterbury in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, LineTrust South Canterbury.

Emphasis of Matter

We draw the reader's attention to note 9 of the financial statements. In the preparation of these financial statements the Trustees have authorised a departure from NZ GAAP in order to obtain the most reliable information for the equity consolidation of the associated entity Alpine Energy Limited. Our audit report is not modified in regard to this departure from NZ IFRS RDR.

Other Information

The Trustees are responsible for other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information on pages 4 to 6 and consider whether it is materially inconsistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report on that fact. We have nothing to report in this regard.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible on behalf of Line Trust South Canterbury for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/.

Restriction on Responsibility

This report is made solely to the Members, as a body, in accordance with sections 99 to 104 of the Electricity Act 2010 and section 8 of the Financial Reporting Act 2013. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement director on the audit resulting in this independent auditor's report is Craig Haymes

Martin Wakefield Audit Limited

Martin Wakefield Audit Limited

Timaru

18 November 2021