2022
Financial Statements

Entrust
Majority shareholder of Vector

Entrust Trustees Report

FOR THE YEAR ENDED 30 JUNE 2022

The year in review to 30 June 2022 was another busy year as we navigated ongoing Covid challenges and the removal of cheques which added significant additional complexity to our processes, however we are pleased to report that the September 2021 dividend was paid without disruption.

INCOME AND EXPENDITURE

For the year ended 30 June 2022 the overall income of Entrust was $126.4 million, compared to income of $124.5 million in the previous year. Income was made up of $125.7 million from Vector in dividends and $654,000 from interest on funds.

The total expenditure incurred by the Trust for the year was $4.6 million compared to $3.4 million last financial year. The additional expenditure was primarily due to the three-yearly one-off cost to hold the Entrust election which occurred in October 2021 and higher dividend distribution and insurance costs.

BALANCE SHEET

Entrust holds 751 million shares in Vector on behalf of beneficiaries. The value of these shares at 30 June 2022 was $3.1 billion.

ANNUAL DIVIDEND

The September 2021 dividend was $283 with an additional $20 from Vector which is due to an electricity industry credit the company received known as loss rental rebates, making a total payment to beneficiaries of $303. The dividend was paid to 346,000 beneficiaries making the 2021 distribution the biggest to date and injecting over $97 million into the Auckland economy at a time when many families were struggling due to Covid.

The dividend continues to be impacted by the tax imputation decision made by Vector in 2020, to reduce imputation credits on their dividend from 28% to 10.5%.

The reduction in the amount of imputation credits Vector paid on their dividend results in Entrust having to pay significantly more tax before the dividend is distributed to beneficiaries.

From the feedback we receive every year, we know how important the dividend is to our beneficiaries, and in September 2020, when the lower dividend amount was distributed, we fielded a high number of calls and comments on social media about the change.

Our annual research consistently shows that to more than 86% of the people receiving the Entrust dividend, it is important or extremely important that they keep receiving it.

In 2021, with the effects of Covid restrictions in Auckland still lingering, it was more important than ever and for many households, the dividend made a positive difference to their financial situation in September.

NEW DIVIDEND PROCESS

As of 2021, all banks stopped accepting cheques which meant our 2021 dividend process was changed significantly as we could no longer send cheques to beneficiaries who didn’t provide us with their bank account details or an instruction for a credit to their power account. Cheques have always been an important part of our dividend process, so this change meant that it became even more important for every beneficiary to return their payment preference form to us in mid-2021 so we could pay them on dividend day.

To gather payment preference instructions from as many beneficiaries as possible, we increased advertising associated with the payment preference forms to encourage more beneficiaries to send their forms back.

Even though this generated more replies than usual, it is still not possible to pay every beneficiary on dividend day because people move, or new connections come into effect, or people change their details or even their bank before we distribute the dividend. Additionally, some people fill in their form incorrectly and even though we try to get it corrected we don’t always get the information back in time.

This means on dividend day there are still people who can’t be paid their dividend that day. In the past, we would have sent those people a cheque. Now, we send a new form, seeking their bank account details at the correct address, in the correct name. This adds considerable work and costs to the overall dividend process, and last year significantly increased the number of calls we received.

This work and costs will be ongoing because we see around 40% churn in beneficiary details that need to be updated by the beneficiary every year.

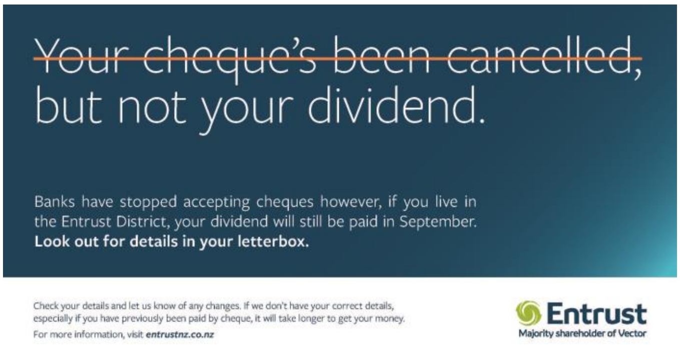
Every year this is a big piece of work, however given we are distributing over $97 million to 346,000 people it is important that we focus on paying the rightful beneficiary and that our processes are robust. We are proud of the 2021 dividend distribution given the significant process changes that were needed to accommodate the removal of cheques.

DIVIDEND ADVERTISING

To help ensure the dividend reaches everyone who is entitled to it, an advertising campaign is conducted when we send out the payment preference forms and again at dividend time.

The campaign in June is all about collecting those payment details. This became more important than ever in 2021 with the removal of cheques, as we now need every beneficiary to give us their payment details before we can give them their dividend. The advertising in this campaign was critical in making sure people knew they wouldn’t be getting a cheque and that they needed to let us know how they wanted their dividend to be paid instead.

The September dividend campaign ensures that people are informed that the dividend has been paid. This is particularly important for people who couldn’t be paid on dividend day itself because they moved or their details had changed, or they hadn’t given us their bank details.



Advertising from the June 2021 campaign.

Advertising from the September 2021 dividend campaign.

UNDERGROUNDING

As majority owner of Vector we have an agreement that requires Vector to spend $10.5 million every year on projects in the Entrust district via the Energy Solutions Programme.

In the year under review, a large-scale undergrounding project in Mt Albert was finished. It is pleasing to see this project completed as works had to be suspended three times during the Covid lockdown periods in 2020 and 2021.

With the completion of the Mt Albert project, Vector has selected St Heliers as the next area for a large-scale undergrounding project to commence. The project covers the eastern side of St Heliers Bay Road through to the waterfront, including a large number of streets bordered by Maskell Street, Sylvia Road and Glover Road. By the time the project is finished approximately 14.9 kms of overhead lines and more than 420 poles will be removed from the area.

Vector has completed all the projects without any injury to field staff and has again received positive customer feedback on completion of the projects.

Wilcott Street, Mt Albert - before

Wilcott Street, Mt Albert - after

Woodward Rd/Farleigh Ave, Mt Albert – before

Woodward Rd/Farleigh Ave, Mt Albert – after

Springleigh Ave, Mt Albert – before

Trustees Alastair Bell, Denise Lee, William Cairns (Chair), Paul Hutchison at Springleigh Ave, Mt Albert – after

Examples of undergrounding projects completed during 2021/22

APPOINTMENT OF AUDITORS

At last year's Annual Meeting of Beneficiaries, Grant Thornton was appointed the Entrust auditor. Trustees recommend the retention of Grant Thornton for the 2022/2023 financial year.

REMUNERATION OF AUDITORS

The audit fees for the 2021/2022 financial year were $47,000.00.

In accordance with section 101(3) of the Electricity Act 2010, a motion will be put to the Annual Meeting of beneficiaries authorising the Trust to fix the fees and expenses of the auditors for the ensuing year.

Entrust Trustees **11 October 2022**

William Cairns, Chairman
Michael Buczkowski, Deputy Chairman
Alastair Bell
Denise Lee
Paul Hutchison

Financial Statements
for the year ended 30 June 2022

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2022 FINANCIAL STATEMENTS

These financial statements for the year ended 30 June 2022 are dated 26 August 2022 and signed for and on behalf of the Trustees by:

William Cairns
Chairman

Dr Paul Hutchison
Chairman of the Finance and Risk Committee

Michael Buczkowski
Deputy Chairman

Alastair Bell
Trustee

Denise Lee
Trustee

Directory

Principal Business

To act as Trustees and distribute the surplus from the Trust Fund to the income beneficiaries under its Deed of Trust. The income beneficiaries are customers on the Vector electricity network within the boundaries defined in the Trust Deed. The Trust Fund comprises primarily the Trustees' shareholding in Vector Limited.

Date Settled

27 August 1993

Trustees

W A Cairns (Chairman)
M J Buczkowski (Deputy Chairman)
C P T Hutchison
A P Bell
D A Lee

Termination Date

27 August 2073

Accountant

Findex
P O Box 158
Auckland

Auditor

Grant Thornton New Zealand Audit Limited
P O Box 1961
Auckland

Legal Advisor

Lowndes Jordan
PO Box 5966
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P O Box 35
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To the Beneficiaries of Entrust

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Entrust (the "Trust") and its controlled entities (the "Group") on pages 5 to 43 which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

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

Our firm carries out other assignments for the Group in the area of assurance and other consulting services. The provision of these services has not impaired our independence as auditor of the Trust or Group. The firm has no other interests in the Group.

Other Information

The Trustees are responsible for the other information. The other information comprises the Directory, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report if we conclude that there is a material misstatement, we are required to communicate the matter to those charged with governance for resolution.

Trustees' Responsibilities for the consolidated Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7

Restriction on use of our report

This report is made solely to the Trust Beneficiaries. Our audit work has been undertaken so that we might state to the Trust Beneficiaries, those matters which 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 Trust, its Beneficiaries for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

Auckland

26 August 2022

Comprehensive Revenue and Expense

for the year ended 30 June

		GROUP		PARENT	
	NOTE	2022 $M	2021 $M	2022 $M	2021 $M
Revenue from exchange transactions	6	**1,339.0**	1,279.3	**125.8**	123.9
Operating expenses	7	**(693.0)**	(658.3)	**(4.6)**	(3.4)
Depreciation and amortisation		**(279.9)**	(260.6)	**-**	-
Interest costs (net)	8	**(102.8)**	(106.2)	**0.6**	0.6
Impairment	10	**(40.2)**	-	**-**	-
Gain on sale of investment in associate	5	**7.1**	-	**-**	-
Associates (share of net surplus/(deficit))		**-**	1.8	**-**	-
Fair value change on financial instruments	22.2	**3.6**	(3.5)	**-**	-
Surplus/(deficit) before income tax		**233.8**	252.5	**121.8**	121.1
Tax benefit/(expense)	14	**(77.9)**	(61.4)	**(1.0)**	(0.4)
Net surplus/(deficit) for the period		**155.9**	191.1	**120.8**	120.7
Net surplus/(deficit) for the period attributable to					
Non-controlling interests in subsidiaries		**40.0**	48.4	**-**	-
Beneficiaries of the Parent		**115.9**	142.7	**120.8**	120.7

Other Comprehensive Revenue and Expense

for the year ended 30 June

		GROUP		PARENT	
	NOTE	2022 $M	2021 $M	2022 $M	2021 $M
Net surplus/(deficit) for the period		**155.9**	191.1	**120.8**	120.7
Other comprehensive revenue and expense net of tax					
Items that may be re-classified subsequently to surplus or deficit:					
Net change in fair value of hedge reserves		**93.5**	46.9	-	-
Translation of foreign operations		**9.5**	0.8	-	-
Share of other comprehensive income of associate		**-**	0.1	-	-
Items that will not be re-classified to surplus or deficit:					
Fair value change on investment	13.1	**(0.1)**	(0.5)	-	-
Other comprehensive revenue and expense for the period net of tax		**102.9**	47.3	**-**	-
Total comprehensive revenue and expense for the period net of tax		**258.8**	238.4	**120.8**	120.7
Total comprehensive revenue and expense for the period attributable to					
Non-controlling interests in subsidiaries		**65.6**	60.2	-	-
Beneficiaries of the Parent		**193.2**	178.2	**120.8**	120.7

Financial Position

as at 30 June

	NOTE	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
CURRENT ASSETS					
Cash and cash equivalents		**91.5**	96.2	**69.0**	78.8
Deposits		**10.0**	-	**10.0**	-
Trade and other receivables from exchange transactions	9	**89.8**	83.4	**0.4**	0.2
Contract assets		**107.8**	105.5	**-**	-
Derivatives		**44.6**	38.0	**-**	-
Inventories		**24.2**	12.4	**-**	-
Contingent consideration	4	**15.0**	8.2	**-**	-
Intangible assets		**4.4**	2.0	**-**	-
Income tax	14	**24.5**	28.7	**-**	-
Investment classified as held for sale		**-**	12.2	**-**	-
Total current assets		**411.8**	386.6	**79.4**	79.0
NON-CURRENT ASSETS					
Receivables from exchange transactions	9	**4.5**	1.7	**-**	-
Derivatives	22	**119.7**	65.3	**-**	-
Contingent consideration	4	**64.8**	73.5	**-**	-
Investments in subsidiaries		**-**	-	**300.0**	300.0
Investment in private equity	13.1	**12.2**	12.3	**-**	-
Intangibles	10	**1,262.1**	1,292.3	**-**	-
Property, plant and equipment (PPE)	11	**4,883.1**	4,626.7	**-**	-
Income tax	14	**103.2**	100.4	**-**	-
Deferred tax	15	**2.4**	2.1	**-**	-
Total non-current assets		**6,452.0**	6,174.3	**300.0**	300.0
Total assets		**6,863.8**	6,560.9	**379.4**	379.0
CURRENT LIABILITIES					
Distributions payable	17	**62.3**	64.5	**62.3**	64.5
Trade and other payables from exchange transactions	16	**200.6**	222.9	**0.6**	0.8
Provisions	18	**21.9**	21.3	**-**	-
Provision for unclaimed distributions	19	**16.0**	13.3	**16.0**	13.3
Borrowings	21	**371.0**	232.3	**-**	-
Contract liabilities		**97.5**	65.0	**-**	-
Derivatives	22	**0.4**	0.9	**-**	-
Income tax	14	**0.9**	2.2	**0.5**	0.4
Total current liabilities		**770.6**	622.4	**79.4**	79.0
NON-CURRENT LIABILITIES					
Payables from exchange transactions	16	**0.6**	0.5	**-**	-
Provisions	18	**5.2**	8.7	**-**	-
Borrowings	21	**2,858.4**	2,838.3	**-**	-
Contract liabilities		**17.9**	30.2	-	-
Derivatives	22	**130.5**	164.7	-	-
Deferred tax	15	**649.2**	559.4	-	-
Total non-current liabilities		**3,661.8**	3,601.8	**-**	-
Total liabilities		**4,432.4**	4,224.2	**79.4**	79.0
NET ASSETS					
Net Assets attributable to beneficiaries of the Parent		**1,816.7**	1,744.3	**300.0**	300.0
Non-controlling interests in subsidiaries		**614.7**	592.4	**-**	-
Total net assets		**2,431.4**	2,336.7	**300.0**	300.0
Total net assets and liabilities		**6,863.8**	6,560.9	**379.4**	379.0

Cash Flows

for the year ended 30 June

	NOTE	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**1,347.2**	1,268.9	**-**	-
Interest received		**4.0**	3.8	**0.3**	0.9
Dividends received		**-**	-	**125.8**	123.9
Payments to suppliers and employees		**(691.5)**	(629.7)	**(4.6)**	(3.4)
Lease payments		**(11.8)**	(12.2)	**-**	-
Distribution to beneficiaries		**(89.3)**	(89.4)	**(89.3)**	(89.4)
Dividend withholding tax paid		**(31.1)**	(30.2)	**(31.1)**	(30.2)
Interest paid		**(124.5)**	(124.1)	**-**	-
Income tax paid		**(21.0)**	(21.6)	**(0.9)**	(0.5)
Net cash flows from/(used in) operating activities	24.1	**382.0**	365.5	**0.2**	1.3
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale PPE and software intangibles		**1.7**	0.2	**-**	-
Purchase and construction of PPE		**(510.6)**	(474.9)	**-**	-
Purchase and development of software intangibles		**(48.2)**	(41.3)	**-**	-
Proceeds from contingent consideration		**6.1**	4.4	**-**	-
Proceeds from sale of investment in associate		**16.4**	-	**-**	-
Other investments		**0.2**	0.2	**-**	-
Net cash flows from/(used in) investing activities		**(534.4)**	(511.4)	**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		**351.0**	530.0	**-**	-
Repayment of borrowings		**(150.0)**	(350.0)	**-**	-
Dividends paid		**(43.3)**	(41.9)	**-**	-
Deposits		**(10.0)**	-	**(10.0)**	-
Redemption of preference shares from non-controlling interests		**-**	(1.8)	**-**	-
Net cash flows from/(used in) financing activities		**147.7**	136.3	**-**	-
Net increase/(decrease) in cash and cash equivalents		**(4.7)**	(9.6)	**(9.8)**	1.3
Cash and cash equivalents at beginning of the period		**96.2**	105.8	**78.8**	77.5
Cash and cash equivalents at end of the period		**91.5**	96.2	**69.0**	78.8
Cash and cash equivalents comprise:					
Bank balances and on-call deposits		**22.0**	17.0	**2.0**	4.2
Short term deposits		**69.5**	79.2	**67.0**	74.6
		91.5	96.2	**69.0**	78.8

Changes in Net Assets

for the year ended 30 June

GROUP	NOTE	HEDGE RESERVE $M	OTHER RESERVES $M	RETAINED EARNINGS $M	NON-CONTROLLING INTERESTS $M	TOTAL NET ASSETS $M
Balance at 30 June 2020		(61.5)	(0.9)	1,749.2	574.1	2,260.9
Net surplus/(deficit) for the period		-	-	142.7	48.4	191.1
Other comprehensive revenue and expense		35.2	0.3	-	11.8	47.3
Total comprehensive revenue and expense		35.2	0.3	142.7	60.2	238.4
Dividends and distributions	3	-	-	(120.2)	(41.9)	(162.1)
Distribution payable		-	-	(0.5)	-	(0.5)
Total transactions with beneficiaries		-	-	(120.7)	(41.9)	(162.6)
Balance at 30 June 2021		(26.3)	(0.6)	1,771.2	592.4	2,336.7
Net surplus/(deficit) for the period		**-**	**-**	**115.9**	**40.0**	**155.9**
Other comprehensive revenue and expense		**70.2**	**7.1**	**-**	**25.6**	**102.9**
Total comprehensive revenue and expense		**70.2**	**7.1**	**115.9**	**65.6**	**258.8**
Dividends and distributions	3	**-**	**-**	**(118.6)**	**(43.3)**	**(161.9)**
Distribution payable		**-**	**-**	**(2.2)**	**-**	**(2.2)**
Total transactions with beneficiaries		**-**	**-**	**(120.8)**	**(43.3)**	**(164.1)**
Balance at 30 June 2022		**43.9**	**6.5**	**1,766.3**	**614.7**	**2,431.4**

PARENT	NOTE	TRUSTEE FUNDS $M	RETAINED EARNINGS $M	TOTAL NET ASSETS $M
Balance at 30 June 2020		300.0	-	300.0
Net surplus/(deficit) for the period		-	120.7	120.7
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		-	120.7	120.7
Dividends and distributions	24	-	(120.2)	(120.2)
Distribution payable		-	(0.5)	(0.5)
Total transactions with beneficiaries		-	(120.7)	(120.7)
Balance at 30 June 2021		**300.0**	**-**	**300.0**
Net surplus/(deficit) for the period		**-**	**120.8**	**120.8**
Other comprehensive revenue and expense		**-**	**-**	**-**
Total comprehensive revenue and expense		**-**	**120.8**	**120.8**
Dividends and distributions	24	**-**	**(118.6)**	**(118.6)**
Distribution payable		**-**	**(2.2)**	**(2.2)**
Total transactions with beneficiaries		**-**	**(120.8)**	**(120.8)**
Balance at 30 June 2022		**300.0**	**-**	**300.0**

1. TRUST INFORMATION

Reporting entity

Entrust (the "Trust" or "Parent") was settled on 27 August 1993 and is domiciled in New Zealand. The Trust is registered under the Trustee Act 1956. The Trust is a reporting entity for the purposes of the Financial Reporting Act 2013 and is considered a Public Benefit Entity. The financial statements of the Trust have been prepared in accordance with the Financial Reporting Act 2013.

Entrust is a Discretionary Trust under the Trustee Act 1956. It is in the business of acting as Trustees and distributing the surplus from the Trust Fund to the income beneficiaries under its Deed of Trust. The income beneficiaries are customers on the Vector electricity network within the boundaries defined in the Trust Deed.

The Trust Fund comprises primarily the Trustees' shareholding in Vector Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These group financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards as appropriate for Tier 1 not-for-profit public benefit entities.

The subsidiary accounts have been prepared under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. We have determined that upon consolidation, subject to the adoption of NZ IFRS 16 *Leases* by the subsidiary, which has been eliminated from these consolidated financial statements, there are no significant changes when prepared under PBE IPSAS.

The financial statements of the Trust must comply with the Financial Reporting Act 2013 and the Electricity Industry Act 2010. Pursuant to accounting standards prepared by the External Reporting Board under the Financial Reporting Act 2013 (in particular "External Reporting Board Standard A1 – Accounting Standards Framework") the Trustees have determined that the Trust falls within the definition of "Public Benefit Entity" under that standard. The designation of "Public Benefit Entity" is one which exists only under accounting standards and for the purposes of compliance with the Financial Reporting Act 2013. That designation has no effect on the substance of the Trust Deed which provides that the surplus of the Trust is to be distributed to those people defined as income beneficiaries under the Trust Deed, and who are exclusively customers of Vector within the Trust district, being the old geographical district of the now defunct Auckland Electric Power Board.

Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate to Tier 1 not-for-profit entities.

They are prepared on the historical cost basis except for the following items, which are measured at fair value:

- the identifiable assets and liabilities acquired in a business combination; and
- certain financial instruments, as disclosed in the notes to the financial statements.

The presentation currency is New Zealand dollars ($). All financial information has been rounded to the nearest 100,000, unless otherwise stated.

The statements of revenue and expense, other comprehensive revenue and expense, cash flows and changes in equity are stated exclusive of GST. All items in the balance sheet are stated exclusive of GST except for trade receivables and trade payables, which include GST.

Significant accounting estimates and judgements

Vector's management is required to make judgements, estimates, and apply assumptions that affect the amounts reported in the financial statements. They have based these on historical experience and other factors they believe to be reasonable. The table below lists the key areas of judgements and estimates in preparing these financial statements:

Key areas	Judgements / Estimates	Note
Valuation of contingent consideration receivable	Estimates	4,20
Intangible assets: valuation of goodwill	Estimates	10
Property, plant and equipment: classification of costs	Judgements	11
Valuation of derivative financial instruments	Estimates	20,22

New standard approved but not yet effective

PBE FRS 48 Service Performance Reporting

PBE FRS 48 comes into effect for accounting periods beginning on or after 1 January 2022. PBE FRS 48 establishes principles and requirements for presenting service performance information that is useful for accountability and decision-making purposes. It establishes high-level disclosure requirements that provide the group with the means to report the efficiency and effectiveness of its operations.

The group have not assessed the extent of disclosures required. The standard is mandatory for the group's financial year ended 30 June 2023. There are no plans to early adopt.

3. SIGNIFICANT TRANSACTIONS AND EVENTS

Significant transactions and events that have impacted the financial year ended 30 June 2022:

Loss rental rebates	Vector retains loss rental rebates (LRRs) to offset the impact of any electricity volume reductions on revenue and mitigate potential future price increases for consumers. Any excess LRRs not required to mitigate such revenue shortfalls will be returned to customers at a later date. To this effect, Vector has distributed $20 per customer during the year ended 30 June 2022. A total of $8.7 million has been recognised as income in the current year profit or loss, comprising LRRs received in the current year (2021: $7.3 million). Consistent with the approach stated above, and as communicated in Vector's media release on 30 June 2022, Vector's board of directors have approved the distribution of excess LRRs not required to mitigate revenue shortfalls to customers. The provision for distribution to customers of $18.0 million provides for an expected level of $30 per customer on the Vector electricity network. Refer to note 18 for more detail.
Sale of investment in Tree Scape Limited	On 31 August 2021, Vector and the shareholders sold all the shares in the company to Blair Mill NZ Holdings Limited. The proceeds from the sale were used to repay group debt. Refer to note 5 for more detail.
Emissions Reduction Plan	On 16 May 2022, the New Zealand Government ("the Government") released its Emissions Reduction Plan (ERP). The ERP details the policies the Government will use to achieve the emissions budgets to meet New Zealand's agreed decarbonisation targets. In releasing the ERP, the Government also announced that it was working with the gas industry to develop a gas transition plan by the end of 2023 to reduce the industry's emissions. There were no specific policy decisions that could be interpreted as impacting adversely on the future value of the gas distribution business.
Gas Distribution default price path	On 31 May 2022, the Commerce Commission released its final default price path determination for gas distribution businesses applying from 1 October 2022 through to 30 September 2026 ("DPP3). The four year period is the shortest period the Commission is allowed to set under the Commerce Act, and as such the requirements for gas distribution will be reviewed in four years instead of the normal five. This will allow the Commission to consider further developments, including the impact of further government announcements and the gas transition plan, changes in technology and consumer preferences for energy sources. The Commission noted that the DPP3 balances price rises for gas users with the need for gas distribution businesses to continue to invest appropriately to maintain safe and reliable supply while there is still demand for natural gas.
Impairment	As at 30 June 2022, the group has recognised an impairment loss of $40.2 million (2021: $nil) in respect of goodwill allocated to the LPG CGU. Refer to note 10 for more detail.
Debt programme	In October 2021, Vector repaid $150.0 million (US $130.0 million) of USD denominated senior notes. On 26 November 2021, Vector issued $225.0 million of senior retail bonds at a fixed rate of 3.69 % maturing on 26 November 2027. On 15 June 2022, Vector rolled over $307.2 million of capital bonds at 6.23% with the next election date on 15 June 2027. During the year ended 30 June 2022, the group drew down a net of $126.0 million (2021: drew down a net of $360.0 million) from the bank facilities. Refer to note 21 for more detail.
Strategic review of metering business	In April 2022, Vector announced to the market that it was undertaking a strategic review of the group's metering business. At 30 June 2022, no changes in disclosures are required in relation to this announcement.
Dividends	Vector Limited's final dividend for the year ended 30 June 2021 of 8.50 cents per share was paid on 16 September 2021, with a supplementary dividend of 0.45 cents per non-resident share. The total dividend paid was $85.0 million. Vector Limited's interim dividend for the year ended 30 June 2022 of 8.25 cents per share was paid on 8 April 2022, with a supplementary dividend of 0.44 cents per non-resident share. The total dividend paid was $82.5 million. Liquigas Limited, a subsidiary of the group, paid dividends of $1.6 million to the company's non-controlling interests during the year ended 30 June 2022.

4. CONTINGENT CONSIDERATION

	NOTE	2022 $M	2021 $M
Carrying value of contingent consideration			
Balance at 30 June		**81.7**	84.7
Unwinding of discount	8	**6.5**	6.3
Payments received		**(6.1)**	(3.4)
Fair value movement	22.2	**(2.3)**	(5.9)
Balance at 30 June 2022		**79.8**	81.7
Comprising:			
Current		**15.0**	8.2
Non-current		**64.8**	73.5

Key accounting estimate

The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows payable by Todd Petroleum Mining Company Limited to Vector. The future period of payment is not fixed by the contract but is dependent on the remaining useful life of the Kapuni gas treatment plant (KGTP), which is directly correlated to the volume of gas available at the Kapuni gas field and the rate at which the gas is extracted. The values of future cash flows are highly dependent on the future sale prices of gas products (LPG and oil) in the market. Underpinning this all is the assumption that there is an active market for processed gas products in the future and government policy relating to the transition of New Zealand to a low carbon economy.

Management have re-estimated the same unobservable inputs when calculating the fair value of the contingent consideration at balance date. Refer to note 20 for details and sensitivity analysis around significant unobservable inputs used in measuring fair values.

5. GAIN ON SALE OF INVESTMENT IN ASSOCIATE

On 31 August 2021, the group and other shareholders of Tree Scape Limited, each owning 50% of the company and its subsidiaries, sold all the shares to Blair Mill NZ Holdings Limited for a cash consideration of $58.0 million excluding debt. The consideration was finalised in November 2021 at a total of $38.6 million net of debt. Vector was entitled to $19.3 million, reflecting Vector’s 50% shareholding. The calculation of the gain on sale recognised in the profit and loss is shown below.

	NOTE	2022 $M
Consideration received 31 August 2021		**16.4**
Deferred consideration (due in August 2023)	9	**2.9**
Total consideration		**19.3**
Carrying value of investment in Tree Scape Limited		**(10.8)**
Foreign currency translation reserve transferred from equity		**(1.4)**
Net assets sold		**(12.2)**
Gain on sale of investment in associate		**7.1**

6. REVENUE FROM EXCHANGE TRANSACTIONS

	GROUP		PARENT	
	2022 $M	2021 $M	2022 $M	2021 $M
Regulated networks – sale of distribution service	**678.9**	644.0	**-**	-
Regulated networks - third party contributions	**150.3**	121.1	**-**	-
Gas Trading sales	**201.9**	209.0	**-**	-
Metering services	**234.2**	225.7	**-**	-
Other	**73.7**	79.5	**-**	-
Dividends received	**-**	-	**125.8**	123.9
Total	**1,339.0**	1,279.3	**125.8**	123.9

Revenue streams	Satisfaction of performance obligation
Regulated networks – sale of distribution services	
The group receives revenue from business customers and energy retailers who sell energy to end customers for electricity and gas distribution services in Auckland.	Revenue from electricity and gas distribution services is measured at the value of consideration received, or receivable, to the extent that pricing is measured by the regulator within a defined revenue path. Revenue is recognised over time on a basis that corresponds with end consumers' pattern of electricity and gas consumption. Customers are billed monthly in arrears for distribution services, measured in units of electricity and gas distributed. Revenue from distribution services therefore includes an accrual for services provided but not billed at the end of the month. The accrual is determined based on the group's estimate of volume distributed in the month using the most recent data available. A large portion of the contract assets at balance date consists of this accrual.
Regulated networks – third party contributions	
The group receives contributions from residential and commercial customers towards the construction of distribution system assets in the Auckland electricity or gas distribution networks.	Third party contributions are recognised as revenue over time, reflecting the percentage completion of the underlying construction activity. The group recognises a contract liability to account for consideration received from the customer but where the agreed construction activity is not completed; and conversely a contract asset is recognised to account for activities completed not billed. The transaction price for third party contributions is netted against estimated rebates payable to commercial customers. A contract liability is recognised to account for payments received from customers for construction activities completed which are eligible for rebates in the future based on completion of developments. In the event that a contract combines a contribution towards an agreed construction activity with sale of electricity or gas distribution services, the group unbundles the contract into two performance obligations and recognises revenue in accordance with each obligation's accounting policy.

6. REVENUE FROM EXCHANGE TRANSACTIONS (continued)

Gas trading sales

Gas trading sales comprises predominantly three revenue streams: sale of natural gas, and distribution and sale of LPG.

Sale of natural gas

The group receives revenue from business customers for providing a supply of natural gas over a contracted time period.

Revenue is recognised over time that corresponds with the customer's consumption of natural gas and measured at the transaction price of the contract.

The transaction price for a gas supply contract includes variable consideration in the form of indexed pricing, volume pricing, and take or pay arrangements. The group estimates the amount of variable consideration present in each contract using the expected value method. Customers are billed monthly. A contract asset is recognised to account for natural gas supplied but not billed to the customer at balance date.

Sale of LPG

Sale of LPG comprises bulk LPG sales to commercial customers and bottled LPG sales to both commercial and residential customers.

Revenue is recognised at a point in time when LPG is delivered to a customer's site.

Billing to a customer occurs after completion of deliveries and at the end of each month with payment terms ranging from 60 days to 90 days.

Distribution of LPG

The group provides services in the areas of bulk LPG storage, distribution and management.

Revenue is recognised over time in line with a customer's consumption of monthly tolling and storage volumes and measured at the transaction price of the contract. The transaction price for a monthly tolling and storage contract includes variable consideration in the form of volume pricing and take or pay arrangements. The group estimates the amount of variable consideration present in each contract using the expected value method.

Metering services

The group receives revenue from business customers for providing electricity and gas metering and data services.

Customer is predominantly an energy retailer who has multiple customers (end users) consuming electricity and gas. Metering and metering data services comprise collection and provision of half-hourly data, utilising the group's electricity and gas meter assets that are fitted at the premises of end users. Metering services are billed to the customer monthly, based on actual and validated metering and data services provided. Customers are billed a number of days after the end of the month to allow for data validation to take place. A contract asset is recognised at the end of each month for services provided but unbilled.

Other revenue streams

Other revenue includes telecommunications revenue and revenue from providing energy solution services.

Telecommunications revenue from commercial customers comprise the sale of fibre services. Revenue is recognised at the point in time of supply and customer consumption.

Energy solutions services comprise predominantly the sale of home and commercial ventilation and solar services. Revenue is recognised over time, reflecting the percentage completion of each ventilation and solar system install.

7. OPERATING EXPENSES

	NOTE	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
Electricity transmission		**181.4**	179.7	**-**	-
Gas purchases and production		**121.9**	128.9	**-**	-
Metering cost of sales		**29.5**	26.4	**-**	-
Energy solutions cost of sales		**17.4**	23.1	**-**	-
Network and asset maintenance		**87.3**	84.2	**-**	-
Other direct expenses		**92.0**	53.3	**-**	-
Employee benefit expenses		**95.2**	95.6	**0.4**	0.4
Administration expenses		**16.0**	16.8	**1.0**	1.1
Distribution expenses		**1.8**	1.0	**1.8**	1.0
Trustee Remuneration	26	**0.4**	0.3	**0.4**	0.3
Trustee election expenses		**0.5**	-	**0.5**	-
Professional fees		**8.1**	8.8	**0.4**	0.4
IT expenses		**23.3**	19.6	-	-
Other indirect expenses		**18.2**	20.6	**0.1**	0.2
Total		**693.0**	658.3	**4.6**	3.4

Fees paid auditors of Entrust

Grant Thornton are the auditors of Entrust. Fees paid to Grant Thornton are as follows:

- audit of financial statements: $47,000 (2021: $49,990);
- other services: $35,566 (2021: nil).

Fees paid to auditors

Fees were paid to KPMG as follows:

- audit or review of financial statements: $594,000 (2021: $459,000);
- regulatory assurance: $394,000 (2021: $718,525);
- other assurance fees: $67,500 (2021: $72,000);
- non-audit fees: $199,067 (2021: nil).

Other assurance fees include fees for the audit of guaranteeing group financial statements, bond registers, greenhouse gas calculations and agreed upon procedures required by certain contractual arrangements. Non-audit fees related to fees for compliance services for R&D tax credits and risk assurance.

8. INTEREST COSTS (NET)

	NOTE	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
Interest expense		**114.0**	112.4	**-**	-
Amortisation of finance costs		**8.3**	7.5	**-**	-
Capitalised interest		**(5.1)**	(4.5)	**-**	-
Interest income		**(4.4)**	(3.5)	**(0.6)**	(0.6)
Unwinding of discount of contingent consideration	4	**(6.5)**	(6.3)	**-**	-
Unwinding of discount of decommissioning provisions	18	**0.7**	0.6	**-**	-
Impact of change in discount rate on decommissioning provisions	18	**(4.2)**	-	**-**	-
Total		**102.8**	106.2	**(0.6)**	(0.6)

Policies

Interest costs (net) include interest expense on borrowings and interest income on funds invested which are recognised using the effective interest rate method.

Capitalised interest

The group has capitalised interest to PPE and software intangibles while under construction at an average rate of 3.4% per annum (2021: 3.9%).

9. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

		GROUP		PARENT	
Current	Note	2022 $M	2021 $M	2022 $M	2021 $M
Trade receivables from exchange transactions		**60.9**	60.2	**-**	-
Interest receivable		**10.9**	10.3	**0.4**	0.1
Prepayments		**12.3**	8.8	**-**	0.1
Other taxes and duties receivable		**3.3**	2.0	**-**	-
Other		**2.4**	2.1	**-**	-
Balance at 30 June		**89.8**	83.4	**0.4**	0.2
Non-current					
Deferred consideration	5	**2.9**	-	**-**	-
Other contract receivables		**1.6**	1.7	**-**	-
Balance at 30 June		**4.5**	1.7	**-**	-

At 30 June, the exposure to credit risk for trade and other receivables by type of counterparty was as follows.

	2022 $M		2021 $M	
	Not credit impaired	Credit impaired	Not credit impaired	Credit impaired
Business customers	**43.4**	**1.8**	38.6	2.3
Mass market customers (includes customer contributions)	**12.9**	**-**	15.4	-
Third party asset damages	**-**	**5.5**	-	5.1
Residential and other	**5.0**	**0.8**	3.8	0.6
Total gross carrying amount	**61.3**	**8.1**	57.8	8.0
Loss allowance	**-**	**(4.0)**	-	(3.9)
	61.3	**4.1**	57.8	4.1

The following table provides information about the exposure to credit risk and expected credit losses for trade and other receivables as at 30 June.

	2022 $M		2021 $M	
	Carrying amount	Loss allowance	Carrying amount	Loss allowance
Not past due	**53.0**	**-**	52.7	-
Past due 1-30 days	**7.3**	**0.2**	4.8	-
Past due 31-120 days	**2.7**	**0.4**	2.6	0.4
Past due more than 120 days	**2.4**	**3.4**	1.8	3.5
Balance at 30 June	**65.4**	**4.0**	61.9	3.9

Policies

Trade receivables are predominantly billed receivables. Sales to business customers are billed monthly. Trade receivables from mass market, residential and other customers are recognised as they are originated.

Other receivables represent the amount of contractual cash flows that the group expects to collect from third parties but that did not arise from contracts with customers. Where contractual cash flows are expected or contracted to be received after 12 months, the balance is presented as non-current.

Expected credit losses

In assessing credit losses for trade receivables, the group applies the simplified approach and records lifetime expected credit losses ("ECLs") on trade receivables. The group considers both quantitative and qualitative inputs. Quantitative data includes past collection rates, industry statistics, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with the group.

Lifetime ECLs result from all possible default events over the expected life of a trade receivable. The group considers the probability of default upon initial recognition of the trade receivable, based on reasonable and available information on the group's customers and groups of customers. The group's trade receivables are monitored in two groups: business customers, and mass market residential customers.

The group's customer acceptance process includes a check on credit history, profitability, and the customer's external credit rating if available. Different levels of sale limits are also imposed on customer accounts by nature.

10. INTANGIBLE ASSETS

	NOTE	CUSTOMER INTANGIBLES $M	EASEMENTS $M	SOFTWARE $M	GOODWILL $M	CAPITAL WORK IN PROGRESS $M	TOTAL $M
Carrying amount 30 June 2020		4.2	17.8	75.8	1,164.1	21.5	1,283.4
Cost		49.9	17.8	343.2	1,275.2	21.5	1,707.6
Accumulated amortisation		(26.4)	-	(267.4)	-	-	(293.8)
Accumulated impairment		(19.3)	-	-	(111.1)	-	(130.4)
Additions		-	-	-	-	50.5	50.5
Transfers		-	0.4	40.0	-	(40.4)	-
Disposals		-	-	(0.2)	-	-	(0.2)
Amortisation for the period		(1.6)	-	(39.8)	-	-	(41.4)
Carrying amount 30 June 2021		2.6	18.2	75.8	1,164.1	31.6	1,292.3
Cost		13.1	18.2	372.0	1,275.2	31.6	1,710.1
Accumulated amortisation		(10.5)	-	(296.2)	-	-	(306.7)
Accumulated impairment		-	-	-	(111.1)	-	(111.1)
Additions		**-**	**-**	**-**	**-**	**49.9**	**49.9**
Transfers		**-**	**0.3**	**25.1**	**-**	**(25.4)**	**-**
Impairment	10.1	**-**	**-**	**-**	**(40.2)**	**-**	**(40.2)**
Disposals		**-**	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Amortisation for the period		**(1.3)**	**-**	**(38.5)**	**-**	**-**	**(39.8)**
Carrying amount 30 June 2022		**1.3**	**18.5**	**62.3**	**1,123.9**	**56.1**	**1,262.1**
Cost		**13.1**	**18.5**	**396.1**	**1,275.2**	**56.1**	**1,759.0**
Accumulated amortisation		**(11.8)**	**-**	**(333.8)**	**-**	**-**	**(345.6)**
Accumulated impairment		**-**	**-**	**-**	**(151.3)**	**-**	**(151.3)**

10. INTANGIBLE ASSETS (continued)

10.1 Goodwill

Goodwill by cash generating unit	2022 $M	2021 $M
Electricity	**881.0**	881.0
Gas Distribution	**169.2**	169.2
Natural Gas	**10.3**	10.3
LPG	**-**	40.2
Liquigas	**40.5**	40.5
Communications	**-**	-
Metering	**22.9**	22.9
E-Co Products	**-**	-
Total	**1,123.9**	1,164.1

Policies	Goodwill represents the excess of the consideration transferred over the fair value of Vector's share of the net identifiable assets of an acquired subsidiary. Goodwill is carried at cost less accumulated impairment losses.
Allocation	Goodwill is monitored internally at a group level. It is allocated to the group's cash generating units ("CGUs"), for impairment testing purposes. This is the highest level permissible under NZ IFRS. The CGUs within the group are: electricity, gas distribution, metering, natural gas, LPG, Liquigas, communications and E-Co Products. Goodwill is tested at least annually for impairment against the recoverable amount of the CGU to which it has been allocated.
Impairment	As at 30 June 2022, the group has recognised an impairment loss of $40.2 million in respect of goodwill allocated to the LPG CGU. The impairment reflects challenging market conditions over a sustained period including significantly higher input costs. The recoverable amount of the LPG CGU has been determined based on value in use. Post-tax discount rates of between 7.2% and 7.5% (2021:5.0% and 5.3%) have been applied in determining the recoverable amount for the LPG CGU.
Key accounting judgements	To assess impairment, management must estimate the future cash flows of operating segments including the CGUs that make up those segments. This entails making judgements including: • the expected rate of growth of revenues; • margins expected to be achieved; • the level of future maintenance expenditure required to support these outcomes; and • the appropriate discount rate to apply when discounting future cash flows.
Assumptions	The recoverable amounts attributed to all of the group's CGUs are calculated on the basis of value-in-use using discounted cash flow models. Future cash flows are forecast based on actual results and business plans. For the electricity, gas distribution and metering CGUs, a ten-year period has been used due to the long-term nature of the group's capital investment in these businesses and the predictable nature of their cash flows. A five-year period has been used for the natural gas, Liquigas, LPG, E-Co Products and communications CGUs. Terminal growth rates in a range of 0.0% to 2.0% (2021: 0.0% to 1.8%) and post-tax discount rates between 4.7% to 7.5% (2021: 3.7% and 6.5%) are applied. Rates vary for the specific CGU being valued. Projected cash flows for regulated businesses are sensitive to regulatory uncertainty. Estimated future regulated network revenues and the related supportable levels of capital expenditure are based on default price-quality path determinations issued by the Commerce Commission and are in line with estimates published in the asset management plans.

10. INTANGIBLE ASSETS (continued)

10.2 Other intangible assets

Policies

Other intangible assets are initially measured at cost, and subsequently stated at cost less any accumulated amortisation and impairment losses.

Software and customer intangibles have been assessed as having a finite life greater than 12 months and are amortised from the date the asset is ready for use on a straight-line basis over its estimated useful life. The estimated useful lives (years) are as follows:

Software	3 - 10
Customer intangibles	3 - 10

Easements are not amortised but are tested for impairment at least annually as part of the assessment of the carrying values of assets against the recoverable amounts of the CGUs to which they have been allocated.

11. PROPERTY, PLANT AND EQUIPMENT (PPE)

	DISTRIBUTION SYSTEMS $M	ELECTRICITY AND GAS METERS $M	LAND, BUILDINGS AND IMPROVEMENTS $M	COMPUTER AND TELCO EQUIPMENT $M	OTHER PLANT AND EQUIPMENT $M	CAPITAL WORK IN PROGRESS $M	TOTAL $M
Carrying amount 30 June 2020	3,258.7	581.9	182.7	89.5	157.3	98.6	4,368.7
Cost	4,458.5	1,039.6	222.2	199.7	291.7	98.6	6,310.3
Accumulated depreciation	(1,199.8)	(457.7)	(39.5)	(110.2)	(134.4)	-	(1,941.6)
Additions	-	-	-	-	1.7	477.7	479.4
Transfers	314.1	126.1	9.5	11.5	23.7	(484.9)	-
Disposals	(6.3)	(0.2)	-	-	(1.3)	-	(7.8)
Depreciation for the period	(122.4)	(67.1)	(3.4)	(9.1)	(11.6)	-	(213.6)
Carrying amount 30 June 2021	3,444.1	640.7	188.8	91.9	169.8	91.4	4,626.7
Cost	4,755.2	1,161.8	231.3	208.1	315.8	91.4	6,763.6
Accumulated depreciation	(1,311.1)	(521.1)	(42.5)	(116.2)	(146.0)	-	(2,136.9)
Additions	**-**	**-**	**-**	**-**	**0.6**	**499.7**	**500.3**
Transfers	**297.8**	**132.7**	**2.7**	**6.3**	**38.1**	**(477.6)**	**-**
Disposals	**(6.5)**	**(1.7)**	**-**	**-**	**(0.8)**	**-**	**(9.0)**
Depreciation for the period	**(135.6)**	**(75.8)**	**(3.3)**	**(7.7)**	**(12.5)**	**-**	**(234.9)**
Carrying amount 30 June 2022	**3,599.8**	**695.9**	**188.2**	**90.5**	**195.2**	**113.5**	**4,883.1**
Cost	**5,029.7**	**1,286.6**	**234.0**	**212.6**	**353.7**	**113.5**	**7,230.1**
Accumulated depreciation	**(1,429.9)**	**(590.7)**	**(45.8)**	**(122.1)**	**(158.5)**	**-**	**(2,347.0)**

11. PROPERTY, PLANT AND EQUIPMENT (PPE) (continued)

Policies

PPE is initially measured at cost, and subsequently stated at cost less depreciation and any impairment losses. Cost may include:

- Consideration paid on acquisition
- Costs to bring the asset to working condition
- Materials used in construction
- Direct labour attributable to the item
- Interest costs attributable to the item
- A proportion of directly attributable overheads incurred
- If there is a future obligation to dismantle and/or remove the item, the costs of doing so

Capitalisation of costs stops when the asset is ready for use.

Subsequent expenditure that increases the economic benefits derived from the asset is capitalised.

Uninstalled assets are stated at the lower of cost and estimated recoverable amount.

Depreciation commences when an asset becomes available for use.

Depreciation of PPE, other than freehold land and capital work in progress, is calculated on a straight-line basis and expensed over the useful life of the asset. Useful lives are reviewed regularly and adjusted as appropriate for the revised expectations.

Estimated useful lives (years) are as follows:

Buildings	40 – 100	Meters and meter inspections	2 – 40
Distribution systems	5 – 100	Computer and telco equipment	2 – 50
Leasehold improvements	5 – 20	Other plant and equipment	2 – 55

Key accounting judgements

The group's property, plant and equipment, particularly the group's distribution assets, are critical to the running of the group's business. In assessing whether the costs incurred in a project on the group's assets are capital in nature, management must apply the following judgements:

- Whether the costs incurred are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- Whether subsequent costs incurred represent an enhancement to existing assets or maintain the current operating capability of existing assets;
- Whether overhead costs can be reasonably allocated to the construction or acquisition of an asset.

Capital commitments

The estimated capital expenditure for PPE and software intangibles contracted for at balance date but not provided is $226.1 million for the group (2021: $206.1 million).

12. OPERATING LEASES

Aggregate minimum lease payments under non-cancellable operating leases where the Group is the lessee	GROUP 2022 $M	GROUP 2021 $M
Within one year	**9.4**	8.2
One to five years	**12.2**	17.9
Beyond five years	**11.1**	12.7
Total	**32.7**	38.8

Policies

Payments made under operating leases, where the lessors effectively retain the risks and benefits of ownership, are recognised in profit or loss on a straight-line basis over the lease term.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Lease of premises

The majority of the operating lease commitments relate to the group's leases of premises. These, in the main, give the group the right to renew the lease at the end of the current lease term.

The Parent has no operating leases.

13. INVESTMENTS

13.1 Investment in private equity

Investee	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD 2022	EQUITY INTEREST HELD 2021
mPrest Systems (2003) Limited	Technology development	Israel	**6.1%**	6.1%

	2022 $M	2021 $M
Fair value of investment		
Balance at 1 July	**12.3**	12.8
Fair value movement recognised in OCI	**(0.1)**	(0.5)
Balance at 30 June	**12.2**	12.3

Policies

The investment is accounted for as a financial asset at fair value through other comprehensive income ("OCI") on the Balance Sheet.

Fair value of the investment is determined using the discounted cash flow method. Refer to note 20 for details on the significant unobservable inputs used in measuring the fair value and related sensitivity analysis.

13. INVESTMENTS (continued)

13.2 Investments in subsidiaries

Significant entities and holding companies in the group are listed below.

	Principal Activity	PERCENTAGE HELD 2022	2021
Trading subsidiaries			
Vector Limited	Electricity and gas distribution	**75.1%**	75.1%
Vector Gas Trading Limited	Natural gas trading and processing	**75.1%**	75.1%
Liquigas Limited	Bulk LPG storage, distribution, and management	**45.1%**	45.1%
On Gas Limited	LPG sales and distribution	**75.1%**	75.1%
Vector Metering Data Services Limited	Holding company	**75.1%**	75.1%
Advanced Metering Assets Limited	Metering services	**75.1%**	75.1%
Advanced Metering Services Limited	Metering services	**75.1%**	75.1%
Arc Innovations Limited	Metering services	**75.1%**	75.1%
Vector Communications Limited	Telecommunications	**75.1%**	75.1%
Vector Energy Solutions Limited	Holding company	**75.1%**	75.1%
PowerSmart NZ Limited	Energy solutions services	**75.1%**	75.1%
Vector ESPS Trustee Limited	Trustee company	**75.1%**	75.1%
E-Co Products Group Limited	Holding company	**75.1%**	75.1%
Cristal Air International Limited	Ventilation, heating and water systems sales and assembly	**75.1%**	75.1%
Vector Advanced Metering Services (Australia) Pty Limited	Metering services	**75.1%**	75.1%
Vector Advanced Metering Assets (Australia) Limited	Metering services	**75.1%**	75.1%
Vector Energy Solutions (Australia) Pty Limited	Energy solutions services	**75.1%**	75.1%
Vector Technology Solutions Limited	Technology services	**75.1%**	75.1%
Vector Auckland Property Limited	Assets holding company	**75.1%**	75.1%
Vector Northern Property Limited	Assets holding company	**75.1%**	75.1%
Non-trading subsidiaries			
Ventilation Australia Pty Limited	Holding company	**75.1%**	75.1%
HRV Australia Pty Limited	Ventilation systems and parts sales	**75.1%**	75.1%

Policies

Subsidiaries are entities controlled directly or indirectly by the parent. The group holds over 50% of the voting rights in all entities reported as subsidiaries. here are currently no indicators that the group does not have control consistent with these voting rights.

Overseas subsidiaries

All subsidiaries are incorporated in New Zealand, except for the following which are incorporated in Australia:

- Vector Advanced Metering Services (Australia) Pty Limited;
- Vector Energy Solutions (Australia) Pty Limited;

At 30 June 2022, the group was in the process of deregistering both Ventilation Australia Pty Limited and HRV Australia Pty Limited. Both companies were officially deregistered on 20 July 2022.

14. INCOME TAX EXPENSE/(BENEFIT)

Reconciliation of income tax expense/(benefit)	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
Surplus/(deficit)before income tax	**233.8**	252.5	**121.8**	121.1
Tax at current rate	**65.5**	70.7	**40.2**	40.0
Current tax adjustments				
Non-deductible expenses	**1.1**	2.4	**0.7**	0.4
(Over)/under provisions in prior periods	**(2.6)**	(1.7)	-	-
Impairment	**11.3**	-	-	-
Other permanent differences	**-**	-	**(39.9)**	(40.0)
Deferred tax adjustments:				
(Over)/under provisions in prior periods	**2.6**	(10.0)	-	-
Income tax expense/(benefit)	**77.9**	61.4	**1.0**	0.4
Comprising				
Current tax	**24.8**	36.0	**1.0**	0.4
Deferred tax	**53.1**	25.4	**-**	-

Current tax rates

The Parent is a discretionary trust and its undistributed profit (if any) is taxed at a rate of 33%.

Vector Limited is a 75.1% owned subsidiary of the Parent. Its profit is taxed at the current corporate tax rate of 28%.

Policies

Income tax expense/(benefit) comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date.

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

Income tax asset

As at 30 June 2022, the group recognised a current income tax asset of $24.5 million (2021: $28.7 million) and a non-current income tax asset of $103.2 million (2021: $100.4 million).

Imputation credits

There are no imputation credits available for use as at 30 June 2022 (2021: nil).

15. DEFERRED TAX

Deferred tax liability/ (asset)

	PPE AND INTANGIBLES $M	PROVISIONS AND ACCRUALS $M	HEDGE RESERVES $M	OTHER $M	TOTAL $M
Balance at 30 June 2020	555.9	(11.6)	(31.7)	1.2	513.8
Recognised in profit or loss	21.3	(3.7)	-	7.8	25.4
Recognised in other comprehensive income	-	-	18.1	-	18.1
Balance at 30 June 2021	577.2	(15.3)	(13.6)	9.0	557.3
Recognised in profit or loss	**46.8**	**4.1**	**-**	**2.2**	**53.1**
Recognised in other comprehensive income	**-**	**-**	**36.4**	**-**	**36.4**
Balance at 30 June 2022	**624.0**	**(11.2)**	**22.8**	**11.2**	**646.8**

The group's deferred tax position is presented in the balance sheet as follows:

	2022 $M	2021 $M
Deferred tax asset	**(2.4)**	(2.1)
Deferred tax liability	**649.2**	559.4
Total	**646.8**	557.3

Policies

Deferred tax is:

- Recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- Not recognised for the initial recognition of goodwill.
- Measured at tax rates that are expected to be applied to the temporary differences when they reverse.

16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
Current				
Trade payables from exchange transactions	**160.2**	175.3	**0.5**	0.7
Employee benefits	**14.9**	22.8	**0.1**	0.1
Finance leases	**0.4**	0.5	**-**	-
Interest payable	**25.1**	24.3	**-**	-
Balance at 30 June	**200.6**	222.9	**0.6**	0.8
Non-current				
Finance leases	**0.4**	0.5	**-**	-
Balance at 30 June	**0.4**	0.5	**-**	-

Employee benefits

The group accrues employee benefits which remain unused at balance date, and amounts expected to be paid under short-term incentive plans.

17. DISTRIBUTION PAYABLES

	GROUP		PARENT	
	2022 $M	2021 $M	2022 $M	2021 $M
Current				
Distributions payable	**62.3**	64.5	**62.3**	64.5

Distribution payables

Distributions payable at reporting date is made up of the following:

Net surplus from the current year.

In accordance with the Trust Deed, the Trustees shall distribute the Trust's net surplus to beneficiaries listed on the distribution roll at the time the roll is prepared.

Trustee accumulations available for distribution.

In accordance with the Trust Deed, accumulations not distributed to beneficiaries at reporting date is held by the Trust for no more than one year. This includes unclaimed distributions that remain unclaimed after two years (per note 19).

As at 30 June 2022 no distribution roll had been struck to determine the allocation of this surplus to the beneficiaries, therefore the funds are held as distributions payable.

18. PROVISIONS

GROUP	NOTE	DISTRIBUTION TO CUSTOMERS $M	DECOMMISSIONING $M	PRODUCT WARRANTY $M	OTHER $M	TOTAL $M
Balance at 30 June 2021		11.9	8.7	2.6	6.8	30.0
Additions		**26.5**	**-**	**-**	**-**	**26.5**
Unwinding of discount	8	**-**	**0.7**	**-**	**-**	**0.7**
Payments		**(11.7)**	**-**	**-**	**-**	**(11.7)**
Reversed to profit or loss	3, 8	**(8.7)**	**(4.2)**	**(0.5)**	**(5.0)**	**(18.4)**
Balance at 30 June 2022		**18.0**	**5.2**	**2.1**	**1.8**	**27.1**
Comprising:						
Current		**18.0**	**-**	**2.1**	**1.8**	**21.9**
Non-current		**-**	**5.2**	**-**	**-**	**5.2**

Policies

The group recognises a provision when the group has a present obligation – legal or constructive – as a result of a past event, it is more likely than not that the resulting liability will be required to be settled, and the amount required to settle can be reliably estimated.

Provision for distribution to customers

The group's stated intention to distribute excess loss rental rebates not used to mitigate revenue shortfalls to customers on Vector's electricity network, gives rise to a constructive obligation that forms the basis of the provision.

Decommissioning

The decommissioning provisions represent the present value of the future expected costs for dismantling the depot assets situated at various regions in New Zealand. Timing of economic outflows represents management's best estimate of the end of the useful life of the plant and associated assets.

Product warranty

The group provides for restatement costs and warranty claims on products sold or installed. Provisions are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience and subsequently revisited at each reporting date.

Other provisions

These provisions comprise amounts that may be required to be utilised within one year or a longer period dependent on ongoing negotiations with third parties involved. There are currently no foreseeable uncertainties which would be reasonably expected to lead to material changes in the amounts provided.

19. PROVISION FOR UNCLAIMED DISTRIBUTIONS

	GROUP		PARENT	
	2022 $M	2021 $M	2022 $M	2021 $M
Balance at beginning of the reporting period	**13.3**	12.1	**13.3**	12.1
Additions	**9.9**	6.9	**9.9**	6.9
Claimed and paid	**(0.8)**	(0.7)	**(0.8)**	(0.7)
Cancelled	**(6.4)**	(5.0)	**(6.4)**	(5.0)
Balance at end of the reporting period	**16.0**	13.3	**16.0**	13.3

Policies

Unclaimed distributions represent distributions made to beneficiaries that have not been claimed for payment. The amounts payable will remain a distribution payable up to two years after the distribution, where after it will be cancelled and written back to Accumulations in accordance with the Trust Deed.

20. FAIR VALUES

GROUP	NOTE	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2 INPUTS) 2022 $M	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3 INPUTS) 2022 $M	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2 INPUTS) 2021 $M	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3 INPUTS) 2021 $M
Assets measured at fair value					
Derivative financial instruments	22	**164.3**	**-**	103.3	-
Investment in private equity	13.1	**-**	**12.2**	-	12.3
Contingent consideration	4	**-**	**79.8**	-	81.7
Balance at 30 June		**164.3**	**92.0**	103.3	94.0
Liabilities measured at fair value					
Derivative financial instruments	22	**130.9**	**-**	165.6	-
Balance at 30 June		**130.9**	**-**	165.6	-

Policies

The table above provides the fair value measurement hierarchy of the group's assets and liabilities that are measured at fair value.

The group estimates all fair values using the discounted cash flows method. All assets and liabilities for which fair value is measured and disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

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

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

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

Derivative financial instruments

Fair value is calculated using the discounted cash flow method, estimated using observable interest yield curves and/or foreign exchange market prices. The carrying values of the financial instruments are the fair values excluding any interest receivable or payable, which is separately presented in the balance sheet in other receivables or other payables.

Investment in private equity

Fair value is calculated using the discounted cash flow method. In estimating the fair value, the group made assumptions on unobservable inputs, including, amongst others, forecasted future cash flows, an appropriate discount rate and terminal growth rate.

mPrest Systems (2003) Limited is in the process of undertaking a capital raise. The fair value reflected at 30 June 2022 assumes the company successfully completes the capital raise.

Contingent consideration

Fair value is calculated using the discounted cash flow method. The group made assumptions on unobservable inputs including, amongst others, future raw gas volume from the Kapuni gas field, future LPG prices, future oil prices, foreign exchange rates, and an appropriate discount rate. Further details on the inputs are as follows:

- Future raw gas volume from the Kapuni gas field is based on published forecasts from the Ministry of Business, Innovation and Employment;
- Future LPG prices are based on an independent financial institution's commodity price forecasts;
- Future oil prices are based on S&P Capital IQ forecast data;
- Future natural gas prices are based on an independent expert's commodity price forecast;
- Future foreign exchange rates are based on an independent financial institution's foreign exchange rate forecasts; and
- Discount rate of 9.7% (2021: 8.0%), representing market discount rates as applicable to the remaining life of the Kapuni gas field.

20. FAIR VALUES (continued)

Description of significant unobservable inputs

The table below summarises the significant level 3 unobservable inputs used by the group in measuring fair values and related sensitivity analyses.

2022	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE AND ESTIMATES	SENSITIVITY OF VALUATION TO CHANGES IN INPUTS			
			Low	Valuation impact $M	High	Valuation impact $M
Investment in private equity	Enterprise forecast annual cashflows	-US $9.4m to US $10.9 m	-10.0%	**-$1.1**	10.0%	**+$1.1**
	Discount rate	9.8%	-1.0%	**+$2.0**	1.0%	**-$1.6**
	Terminal growth rate	2.0%	-1.0%	**-$0.9**	1.0%	**+$1.1**
Contingent consideration	Discount rate	9.7%	-1.0%	**+$3.1**	1.0%	**-$2.8**
	Future raw gas volume	179 PJ	- 2PJ per annum	**-$6.0**	+ 2PJ per annum	**+$5.8**
	LPG pricing (long-term)	US $525/tonne	-US $50/tonne	**-$5.1**	+ US $50/tonne	**+$5.1**
	Oil pricing (long-term)	US $72/barrel	- US $7/barrel	**-$3.2**	+ US $7/barrel	**+$3.2**

2021	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE AND ESTIMATES	SENSITIVITY OF VALUATION TO CHANGES IN INPUTS			
			Low	Valuation impact $M	High	Valuation impact $M
Investment in private equity	Enterprise forecast annual cashflows	-US $1.3m to US $11.7m	-10.0%	-$1.1	10.0%	+$1.1
	Discount rate	9.2%	-1.0%	+$2.2	1.0%	-$1.7
	Terminal growth rate	1.5%	-1.0%	-$1.0	1.0%	+$1.3
Contingent consideration	Discount rate	8.0%	-1.0%	+$4.6	1.0%	-$4.2
	Future raw gas volume	254 PJ	- 2PJ per annum	-$10.3	+ 2PJ per annum	+$10.2
	LPG pricing (long-term)	US $525/tonne	- US $50/tonne	-$8.6	+ US $50/tonne	+$8.6
	Oil pricing (long-term)	US $70/barrel	- US $7/barrel	-$4.0	+ US $7/barrel	+$4.0

21. BORROWINGS

GROUP 2022	CURRENCY	MATURITY DATE	FACE VALUE $M	UNAMORTISED COSTS $M	FAIR VALUE ADJUSTMENT ON HEDGED RISK $M	CARRYING VALUE $M	FAIR VALUE $M
Bank facilities – floating rate	NZD	Sep 2021 – Jan 2025	**636.0**	**(1.7)**	**-**	**634.3**	**636.2**
Capital bonds –6.23% fixed rate	NZD	-	**307.2**	**(1.8)**	**-**	**305.4**	**321.2**
Wholesale bonds - fixed rate	NZD	Mar 2024 - Oct 2026	**410.0**	**1.2**	**-**	**411.2**	**388.9**
Senior notes – fixed rate	USD	Dec 2022 – Mar 2035	**1,463.4**	**(3.5)**	**(51.3)**	**1,408.6**	**1,422.1**
Senior bonds –fixed rate	NZD	May 2025 – Nov 2027	**475.0**	**(2.2)**	**(2.9)**	**469.9**	**449.4**
Balance at 30 June			**3,291.6**	**(8.0)**	**(54.2)**	**3,229.4**	**3,217.8**

GROUP 2021	CURRENCY	MATURITY DATE	FACE VALUE $M	UNAMORTISED COSTS $M	FAIR VALUE ADJUSTMENT ON HEDGED RISK $M	CARRYING VALUE $M	FAIR VALUE $M
Bank facilities – floating rate	NZD	Jul 2021 – Jan 2025	510.0	(1.5)	-	508.5	510.4
Capital bonds – 5.7% fixed rate	NZD	-	307.2	(0.4)	-	306.8	321.8
Wholesale bonds - fixed rate	NZD	Mar 2024 - Oct 2026	410.0	2.0	-	412.0	429.2
Senior notes – fixed rate	USD	Oct 2021 – Mar 2035	1,613.4	(4.0)	(14.1)	1,595.3	1,654.9
Senior bonds –fixed rate	NZD	May 2025	250.0	(2.0)	-	248.0	266.1
Balance at 30 June			3,090.6	(5.9)	(14.1)	3,070.6	3,182.4

Policies

Borrowings are initially recorded at fair value, net of transaction costs. After initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in interest costs in profit or loss over the period of the borrowing using the effective interest rate method.

The carrying value of borrowings includes the principal converted at contract rates (face value), unamortised costs and a fair value adjustment for the component of the risk that is hedged. The fair value is calculated by discounting the future contractual cash flows at current market interest rates that are available for similar financial instruments. The fair value of all borrowings, calculated for disclosure purposes, are classified as level 2 on the fair value hierarchy.

21. BORROWINGS (continued)

Bank facilities	New floating rate bank facilities were added as part of our debt management activities.
Capital bonds	Capital bonds of $307.2 million are subordinated bonds with the next election date set as 15 June 2027. The interest rate was fixed at 6.23% at the previous election date of 15 June 2022.
Wholesale bonds	$240.0 million of fixed rate wholesale bonds were issued at a fixed rate of 4.996% maturing in March 2024. $170.0 million of fixed rate wholesale bonds were issued at a fixed rate of 1.575% maturing in October 2026.
Senior bonds	$250.0 million of fixed rate senior bonds were issued at a fixed rate of 3.45% maturing in May 2025. $225.0 million of fixed rate senior bonds were issued at a fixed rate of 3.69% maturing in November 2027.

Senior notes

The tranches of USD denominated senior notes and the corresponding NZD values are shown below:

Date issued	NZ $M	US $M	Date of Maturity
March 2020	573.9	360.0	October 2032
	223.2	140.0	October 2035
October 2017	277.2	200.0	October 2027
	138.6	100.0	October 2029
December 2010	250.5	182.0	December 2022

The following tranche was repaid during the year:

Date issued	NZ $M	US $M	Date of Maturity
October 2014	150.0	130.0	repaid in October 2021

Covenants

All borrowings are unsecured and are subject to negative pledge arrangements and various lending covenants. These have all been met for the years ended 30 June 2022 and 30 June 2021.

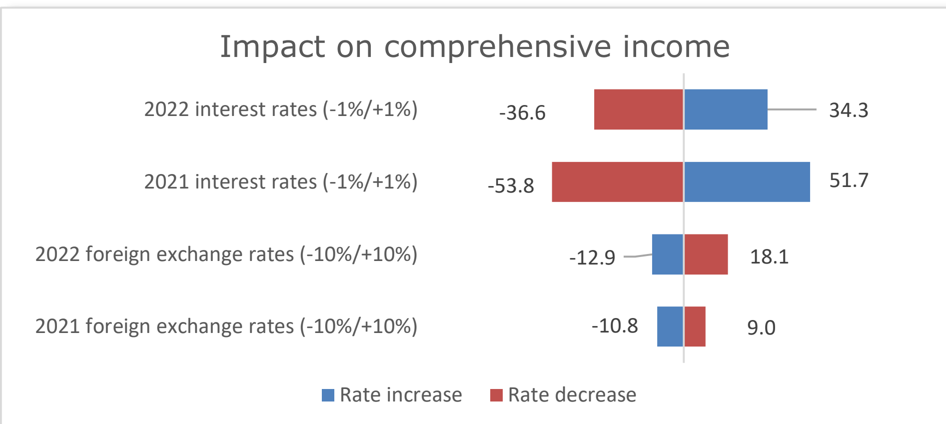
22. DERIVATIVES AND HEDGE ACCOUNTING

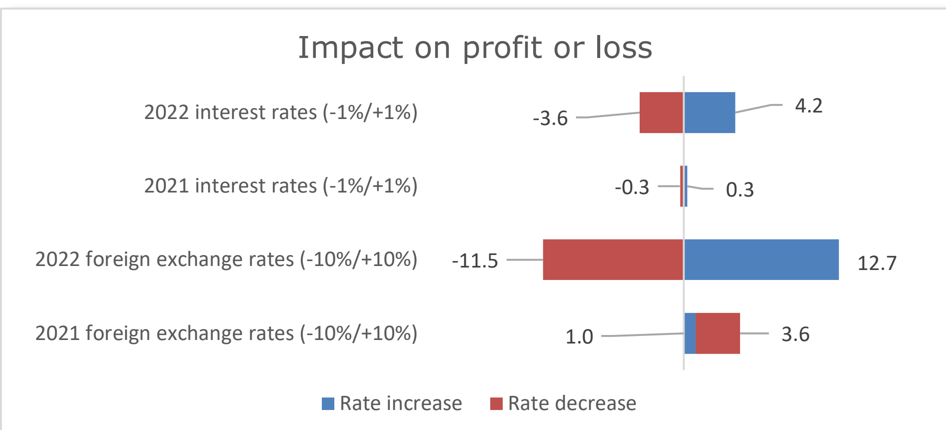
GROUP	CASH FLOW HEDGES 2022 $M	CASH FLOW HEDGES 2021 $M	FAIR VALUE HEDGES 2022 $M	FAIR VALUE HEDGES 2021 $M	COST OF HEDGING 2022 $M	COST OF HEDGING 2021 $M	TOTAL 2022 $M	TOTAL 2021 $M
Derivative assets								
Cross currency swaps	-	-	**84.8**	98.1	**(2.8)**	(6.5)	**82.0**	91.6
Interest rate swaps	**78.0**	11.0	-	-	-	-	**78.0**	11.0
Forward exchange contracts	**4.3**	0.7	-	-	-	-	**4.3**	0.7
Total	**82.3**	11.7	**84.8**	98.1	**(2.8)**	(6.5)	**164.3**	103.3
Derivative liabilities								
Cross currency swaps	**13.2**	(85.8)	**(141.8)**	(30.9)	**1.0**	(3.6)	**(127.6)**	(120.3)
Interest rate swaps	**(3.3)**	(44.3)	-	-	-	-	**(3.3)**	(44.3)
Forward exchange contracts	**-**	(1.0)	-	-	-	-	**-**	(1.0)
Total	**9.9**	(131.1)	**(141.8)**	(30.9)	**1.0**	(3.6)	**(130.9)**	(165.6)

Key observable market data for fair value measurement	2022	2021
Foreign currency exchange (FX) rates as at 30 June		
NZD-USD FX rate	**0.6243**	0.6983
Interest rate swap rates		
NZD	**2.39% to 4.11%**	0.26% to 1.88%
USD	**1.79% to 3.30%**	0.10% to 1.74%

Sensitivity to changes in market rates

The graphs below illustrate the impact on derivative valuations of possible changes in interest rates and foreign exchange rates, assuming all other variables are held constant.





22. DERIVATIVES AND HEDGE ACCOUNTING (continued)

Policies

The group initially recognises derivatives at fair value on the date the derivative contract is entered into, and subsequently they are re-measured to their fair value at each balance date. All derivatives are classified as level 2 on the fair value hierarchy explained in note 20.

The group designates certain derivatives as either:

- Fair value hedges (of the fair value of recognised assets or liabilities or firm commitments); or
- Cash flow hedges (of highly probable forecast transactions).

At inception each transaction is documented, detailing:

- The economic relationship and the hedge ratio between hedging instruments and hedged items;
- The risk management objectives and strategy for undertaking the hedge transaction; and
- The assessment (initially and on an ongoing basis) of whether the derivatives that are used in the hedging transaction are highly effective in offsetting changes in fair values or cash flows of hedged items.

The underlying risk of the derivative contracts is identical to the hedged risk component (i.e. the interest rate risk and the foreign exchange risk) therefore the group has established a one-to-one hedge ratio. Effectiveness is assessed by comparing the changes of the hedged items and hedging instruments.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting.

Fair value hedges

The group has entered into cross currency interest rate swaps and interest rate swaps (the hedging instruments) to hedge the interest rate risk and foreign currency risk (the hedged risk) arising in relation to its USD senior notes and NZD senior bonds (the hedged items). These transactions have been designated into fair value hedges.

The following are recognised in profit or loss:

- The change in fair value of the hedging instruments; and
- The change in fair value of the underlying hedged items attributable to the hedged risk.

Once hedging is discontinued, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through profit or loss from that date through to maturity of the hedged item.

Cash flow hedges

The group has entered into interest rate swaps and cross currency interest rate swaps (the hedging instruments) to hedge the variability in cash flows arising from interest rate and foreign currency exchange rate movements in relation to its NZD floating rate notes and USD senior notes.

The effective portion of changes in the fair value of the hedging instruments are recognised in other comprehensive income.
The following are recognised in profit or loss:

- any gain or loss relating to the ineffective portion of the hedging instrument; and
- fair value changes in the hedging instrument previously accumulated in other comprehensive income, in the periods when the hedged item is recognised in profit or loss.

Once hedging is discontinued, any cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss either:

- at the same time as the forecast transaction; or
- immediately if the transaction is no longer expected to occur.

Market rate sensitivity

All derivatives are measured at fair value. A change in the market data used to determine fair value will have an impact on Vector's financial statements.

The graphs on the previous page show the sensitivity of the financial statements to a range of possible changes in market data at balance date.

22. DERIVATIVES AND HEDGE ACCOUNTING (continued)

GROUP	2022 $M DERIVATIVES POSITION AS PER BALANCE SHEET	2022 $M AMOUNT AFTER APPLYING RIGHTS OF OFFSET UNDER ISDA AGREEMENTS	2021 $M GROUP	2021 $M DERIVATIVES POSITION AS PER BALANCE SHEET
Derivative assets	**164.3**	**64.4**	103.3	39.3
Derivative liabilities	**(130.9)**	**(31.0)**	(165.6)	(101.6)
Net amount	**33.4**	**33.4**	(62.3)	(62.3)

Rights to offset

The group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the balance sheet for accounting purposes. This is because the group does not have any currently legally enforceable right to offset recognised amounts. Under the ISDA agreements the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. The potential net impact of this offsetting is disclosed in column 'amount after applying rights of offset under ISDA agreements. The group does not hold and is not required to post collateral against its derivative positions.

Managing interest rate benchmark reform

The group has no derivative that will be affected by the interbank offered rates ("IBOR") reform as at 30 June 2022. However, the financial modelling of the fair values for cross currency interest rate swaps and certain hedge relationships will shift from applying USD LIBOR to an alternative benchmark interest rate when the transition happens, currently expected in 2023. The group is in the process of assessing the expected impact of the shift in financial modelling.

22.1 Effects of hedge accounting on the financial position and performance

The tables below demonstrate the impact of hedged items and the hedging instruments designated in hedging relationships:

- The NZD floating rate exposure includes $1,230.0 million arising from hedging the USD senior bonds (2021: $1,030.0 million) as allowable under NZ IFRS 9 *Financial Instruments*;
- The fixed rate interest rate swaps include $200.0 million of forward starting swaps (2021: $350.0 million).

GROUP 2022	FACE VALUE $M	WEIGHTED AVERAGE RATE	ACCUMU-LATED FAIR VALUE HEDGE ADJUST-MENTS $M	CARRYING AMOUNT ASSETS/ (LIABILITIES) $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVE-NESS – CASHFLOW HEDGE $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVE-NESS – FAIR VALUE HEDGE $M	HEDGING (GAIN) OR LOSS RECOGNISED IN CASH FLOW HEDGE RESERVE $M	(GAIN) OR LOSS RECOGNISD IN COST OF HEDGING $M
Cash flow hedge - Interest risk								
Hedged item: NZD floating rate exposure on borrowings	**(1,230.0)**				**78.1**			
Hedging instrument: Fixed rate interest rate swaps	**(1,430.0)**	**2.3%**		**77.6**	**77.6**		**(111.0)**	**-**
Cash flow and fair value hedge - Interest and exchange risks								
Hedged item: USD fixed rate exposure on borrowings	**(1,463.4)**			**(1,408.5)**	**5.6**	**122.0**		
Hedging instrument: Cross currency swaps	**(1,463.4)**	**floating**	**51.4**	**(45.6)**	**13.2**	**(124.1)**	**(6.6)**	**8.3**
Fair value hedge - Interest risk								
Hedged item: NZD fixed rate exposure on borrowings	**(50.0)**			**(46.9)**		**2.9**		
Hedging instrument: Interest rate swap	**(50.0)**	**floating**	**2.9**	**(2.9)**		**(2.9)**		
				Ineffectiveness	**7.5**	**(2.1)**		

22. DERIVATIVES AND HEDGE ACCOUNTING (continued)

22.1 Effects of hedge accounting on the financial position and performance (continued)

GROUP 2021	FACE VALUE $M	WEIGHTED AVERAGE RATE	ACCUMU-LATED FAIR VALUE HEDGE ADJUST-MENTS $M	CARRYING AMOUNT ASSETS/ (LIABILITIES) $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVE-NESS – CASHFLOW HEDGE $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVE-NESS – FAIR VALUE HEDGE $M	HEDGING (GAIN) OR LOSS RECOGNISED IN CASH FLOW HEDGE RESERVE $M	(GAIN) OR LOSS RECOGNISED IN COST OF HEDGING $M
Cash flow hedge - Interest risk								
Hedged item: NZD floating rate exposure on borrowings	(1,030.0)				(33.5)			
Hedging instrument: Interest rate swaps	(1,380.0)	2.2%		(33.3)	(33.3)		(71.2)	
Cash flow and fair value hedge - Interest and exchange risks								
Hedged item: USD fixed rate exposure on borrowings	(1,613.4)		14.1	(1,595.1)	(97.9)	186.7		
Hedging instrument: Cross currency swaps	(1,613.4)	floating		(28.8)	(85.8)	(184.3)	3.4	(2.6)
				Ineffectiveness	-	2.4		

Hedging instruments and hedged items are included in the line items "Derivatives" and "Borrowings" respectively in the balance sheet. The source of ineffectiveness is largely due to counterparty credit risk on the derivative instruments. Hedge ineffectiveness is included in the "Fair value change on financial instruments" in the profit or loss. Please refer to the asset and liability positions of the hedging instruments in Note 22 derivatives and hedge accounting table above.

22.2 Fair value changes on financial instruments

GROUP	NOTE	2022 $M	2021 $M
Recognised in profit or loss			
Fair value movement on hedging instruments		**(127.0)**	(184.3)
Fair value movement on hedged items		**124.9**	186.7
Fair value movement on unhedged items		**0.5**	-
Ineffectiveness from cash flow hedge relationships		**7.5**	-
Fair value change on contingent consideration	4	**(2.3)**	(5.9)
Total gains/(losses)		**3.6**	(3.5)

22.3 Reconciliation of changes in hedge reserves

Hedge reserves

GROUP 2022	CASHFLOW HEDGE RESERVE $M	COST OF HEDGING $M	TOTAL $M
Opening balance	**27.5**	**7.3**	**34.8**
Hedging gains or losses recognised in OCI - Interest rate swaps	**(93.0)**	**-**	**(93.0)**
Hedging gains or losses recognised in OCI - Cross currency swaps	**(5.5)**	**(8.3)**	**(13.8)**
Hedging gains or losses recognised in OCI – Forward exchange contracts	**(6.0)**	**-**	**(6.0)**
Transferred to profit or loss – Interest rate swaps	**(18.0)**	**-**	**(18.0)**
Transferred to profit or loss – Cross currency swaps	**(1.1)**	**-**	**(1.1)**
Recognised as basis adjustment to non-financial assets	**2.0**	**-**	**2.0**
Deferred tax on change in reserves	**34.1**	**2.3**	**36.4**
Closing balance	**(60.0)**	**1.3**	**(58.7)**

22. DERIVATIVES AND HEDGE ACCOUNTING (continued)

22.3 Reconciliation of changes in hedge reserves (continued)

Hedge reserves

GROUP **2021**	CASH FLOW HEDGE RESERVE $M	COST OF HEDGING $M	TOTAL $M
Opening balance	76.3	5.4	81.7
Hedging gains or losses recognised in OCI - Interest rate swaps	(37.7)	-	(37.7)
Hedging gains or losses recognised in OCI - Cross currency swaps	2.7	2.7	5.4
Hedging gains or losses recognised in OCI – Forward exchange contracts	2.4	-	2.4
Transferred to profit or loss – Interest rate swaps	(33.5)	-	(33.5)
Transferred to profit or loss – Cross currency swaps	0.7	-	0.7
Recognised as basis adjustment to non-financial assets	(2.3)	-	(2.3)
Deferred tax on change in reserves	18.9	(0.8)	18.1
Closing balance	27.5	7.3	34.8

23. FINANCIAL RISK MANAGEMENT

Risk management framework

Vector has a comprehensive treasury policy, approved by the board, to manage financial risks arising from business activity. The policy outlines the objectives and approach that the group applies to manage:

- Interest rate risk;
- Credit risk;
- Liquidity risk;
- Foreign exchange risk; and
- Funding risk.

For each risk type, any position outside the policy limits requires the prior approval of the board. Each risk is monitored on a regular basis and reported to the board.

23.1 Interest rate risk

Interest rate exposure

GROUP **2022**	< 1 YEAR $M	1 - 2 YEARS $M	2 - 5 YEARS $M	> 5 YEARS $M	TOTAL $M
Interest rate exposure: borrowings	**886.5**	**240.0**	**727.2**	**1,437.9**	**3,291.6**
Derivative contracts:					
Interest rate swaps	**(1,140.0)**	**280.0**	**710.0**	**150.0**	**-**
Cross currency swaps	**1,212.9**	**-**	**-**	**(1,212.9)**	**-**
Net interest rate exposure	**959.4**	**520.0**	**1,437.2**	**375.0**	**3,291.6**

Interest rate exposure

GROUP **2021**	< 1 YEAR $M	1 - 2 YEARS $M	2 - 5 YEARS $M	> 5 YEARS $M	TOTAL $M
Interest rate exposure: borrowings	967.2	250.5	490.0	1,382.9	3,090.6
Derivative contracts:					
Interest rate swaps	(1,230.0)	40.0	840.0	350.0	-
Cross currency swaps	1,463.4	(250.5)	-	(1,212.9)	-
Net interest rate exposure	1,200.6	40.0	1,330.0	520.0	3,090.6

Policies

The group is exposed to interest rate risk through its borrowing activities.

Interest rate exposures are managed primarily by entering into derivative contracts. The main objectives are to minimise the cost of total borrowings, control variations in the interest expense of the borrowings from year to year, and where practicable to match the interest rate risk profile of the borrowings with the risk profile of the group's assets.

The Trustees have set and actively monitors maximum and minimum limits for the net interest rate exposure profile.

23. FINANCIAL RISK MANAGEMENT (continued)

23.2 Credit risk

Policies

Credit risk represents the risk of cash flow losses arising from counterparty defaults. Vector is exposed to credit risk in the normal course of business from:

- Trade receivable transactions with business and mass market residential customers; and
- Financial instruments transactions with financial institutions.

The carrying amounts of financial assets represent the group's maximum exposure to credit risk.

The group has credit policies in place to minimise the impact of exposure to credit risk and associated financial losses:

- Vector's board of directors must approve placement of cash, short-term cash deposits or derivatives with financial institutions whose credit rating is less than A+. As at 30 June 2022, all financial instruments are held with financial institutions with credit rating above A+;
- Vector's board of directors sets limits and monitors exposure to financial institutions; and
- Exposure is spread across a range of financial institutions. Where we deem there is credit exposure to energy retailers and customers, the group minimises its risk by performing credit evaluations and/or requiring a bond or other form of security.

23.3 Liquidity risk

Contractual cash flows maturity profile

GROUP 2022	PAYABLE <1 YEAR $M	PAYABLE 1-2 YEARS $M	PAYABLE 2-5 YEARS $M	PAYABLE >5 YEARS $M	TOTAL CONTRACTUAL CASH FLOWS $M
Non-derivative financial liabilities					
Distribution payable	**62.3**	**-**	**-**	**-**	**62.3**
Trade payables from exchange transactions and deferred payables	**161.1**	**-**	**-**	**-**	**161.1**
Unclaimed distributions	**6.1**	**9.9**	**-**	**-**	**16.0**
Contract liabilities	**6.4**	**5.6**	**7.1**	**-**	**19.1**
Borrowings: interest	**101.8**	**89.2**	**212.5**	**149.4**	**552.9**
Borrowings: principal	**927.5**	**240.0**	**727.2**	**1,506.4**	**3,401.1**
Derivative financial (assets)/liabilities					
Cross currency swaps: inflow	**(336.1)**	**(38.2)**	**(114.9)**	**(1,426.7)**	**(1,915.9)**
Cross currency swaps: outflow	**324.0**	**72.7**	**206.8**	**1,504.0**	**2,107.5**
Forward exchange contracts: inflow	**(62.5)**	**(1.3)**	**(0.6)**	-	**(64.4)**
Forward exchange contracts: outflow	**58.4**	**1.3**	**0.6**	-	**60.3**
Net settled derivatives					
Interest rate swaps	**(15.2)**	**(22.7)**	**(33.1)**	**(1.5)**	**(72.5)**
Group contractual cash flows	**1,233.8**	**356.5**	**1,005.6**	**1,731.6**	**4,327.5**

23. FINANCIAL RISK MANAGEMENT (continued)

23.3 Liquidity risk (continued)

Contractual cash flows maturity profile

GROUP **2021**	PAYABLE <1 YEAR $M	PAYABLE 1-2 YEARS $M	PAYABLE 2-5 YEARS $M	PAYABLE >5 YEARS $M	TOTAL CONTRACTUAL CASH FLOWS $M
Non-derivative financial liabilities					
Distribution payable	64.5	-	-	-	64.5
Trade payables from exchange transactions and deferred payables	175.4	-	-	-	175.4
Unclaimed distributions	6.4	6.9	-	-	13.3
Contract liabilities	7.3	10.1	11.6	0.8	29.8
Lease Liabilities	10.0	7.8	16.2	12.7	46.7
Borrowings: interest	90.7	63.1	140.1	165.4	459.3
Borrowings: principal	1,003.4	260.7	490.0	1,315.7	3,069.8
Derivative financial (assets)/liabilities					
Cross currency swaps: inflow	(234.7)	(300.4)	(102.8)	(1,309.7)	(1,947.6)
Cross currency swaps: outflow	187.3	290.3	134.9	1,489.0	2,101.5
Forward exchange contracts: inflow	(61.8)	(9.5)	-	-	(71.3)
Forward exchange contracts: outflow	61.9	9.6	-	-	71.5
Net settled derivatives					
Interest rate swaps	20.9	13.6	3.4	(0.5)	37.4
Group contractual cash flows	1,331.3	352.2	693.4	1,673.4	4,050.3

Contractual cash flows

The preceding table shows the timing of non-discounted cash flows for all financial instrument liabilities and derivatives.

The cash flows for bank facilities, included in borrowings, are disclosed on the basis of their contractual repayment terms for the individual drawdowns.

The cash flows for capital bonds, included in borrowings, are disclosed as payable within 2-5 years year as the next election date set for the capital bonds is 15 June 2027 (2021: 0-1 year, with the election date of the last rollover as 15 Jun 2022) and the bonds have no contractual maturity date.

Policies

The group and Vector are exposed to liquidity risk where there is a risk that the group may encounter difficulty in meeting its day to day obligations due to the timing of cash receipts and payments.

The objective is to ensure that adequate liquid assets and funding sources are available at all times to meet both short-term and long-term commitments. The board has set a minimum headroom requirement for committed facilities over Vector's anticipated 18-month peak borrowing requirement.

At balance date, Vector has access to undrawn funds of $644.0 million (2021: $670.0 million).

23.4 Foreign exchange risk

Policies

The group and Vector are exposed to foreign exchange risk through its borrowing activities, foreign currency denominated expenditure, and through our Australian subsidiaries.

Foreign exchange exposure is primarily managed through entering into derivative contracts. Vector's board of directors requires that all significant foreign currency borrowings and expenditure are hedged into NZD at the time of commitment to drawdown or when the exposure is highly probable. Hence, at balance date there is no significant exposure to foreign currency risk.

23.5 Funding risk

Policies

Funding risk is the risk that the group will have difficulty refinancing or raising new debt on comparable terms to existing facilities. The objective is to spread the concentration of risk so that if an event occurs the overall cost of funding is not unnecessarily increased. Details of borrowings are shown in note 21.

The group has set the maximum amount of debt that may mature in any one financial year.

24. CASH FLOWS

24.1 Reconciliation of net profit/(loss) to net cash flows from/(used in) operating activities

Reconciliation of net surplus/(deficit) to net cash flows from/(used in) operating activities	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
Net surplus/(deficit)for the period	**155.9**	191.1	**120.8**	120.7
Transactions with beneficiaries				
Distribution to beneficiaries	**(118.6)**	(120.2)	**(118.6)**	(120.2)
Distributions payable	**(2.2)**	(0.3)	**(2.2)**	(0.3)
	(120.8)	(120.5)	**(120.8)**	(120.5)
Items classified as investing activities				
Gain on sale of investment in associate	**(7.1)**	-	**-**	-
Items associated with investing activities	**24.4**	(8.1)	**-**	-
Non-cash items				
Depreciation and amortisation	**279.9**	260.6	**-**	-
Non-cash portion of interest costs (net)	**(7.9)**	(2.6)	**-**	-
Fair value change on financial instruments	**(3.6)**	3.5	**-**	-
Associates (share of net surplus/(deficit))	**-**	(1.8)	**-**	-
Impairment	**40.2**	-	**-**	-
Increase/(decrease) in deferred tax	**53.1**	24.4	**-**	-
Increase/(decrease) in provisions	**(2.9)**	(5.6)	**-**	-
Other non-cash items	**9.9**	0.8	**-**	-
	368.7	279.3	**-**	-
Changes in assets and liabilities				
Trade and other payables from exchange transactions	**(41.2)**	14.3	**(0.1)**	0.2
Contract liabilities	**20.2**	2.4	**-**	-
Contract assets	**(2.3)**	(12.9)	**-**	-
Inventories	**(11.8)**	(3.0)	**-**	-
Trade and other receivables from exchange transactions	**(4.3)**	6.1	**(0.2)**	0.2
Income tax	**(0.1)**	16.0	**0.1**	(0.1)
Distributions payable	**(2.2)**	(0.4)	**(2.2)**	(0.4)
Provision for unclaimed distributions	**2.6**	1.2	**2.6**	1.2
	(39.1)	23.7	**0.2**	1.1
Net cash flows from/(used in) operating activities	**382.0**	365.5	**0.2**	1.3

24.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

Reconciliation of movement of liabilities to cash flows arising from financing activities	BORROWINGS	DERIVATIVES	TOTAL
Balance at 1 July 2021	3,070.6	62.3	3,132.9
Net draw downs	**201.0**	**-**	**201.0**
Other financing cash flows	**-**	**-**	**-**
Financing cash flows	**201.0**	**-**	**201.0**
Cost of debt raising	**(3.2)**	**-**	**(3.2)**
Fair value changes	**(40.1)**	**(95.7)**	**(135.8)**
Borrowing fees paid	**(6.2)**	**-**	**(6.2)**
Amortisation of debt raising costs	**8.3**	**-**	**8.3**
Premium released	**(1.0)**	**-**	**(1.0)**
As at 30 June 2022	**3,229.4**	**(33.4)**	**3,196.0**

24. CASH FLOWS (continued)

Policies

Cash and cash equivalents are carried at amortised cost. Cash and cash equivalents include demand deposits and other short term highly liquid deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

25. EQUITY

25.1 Share Capital

Trust Distributions

The Trust's net distribution of $273 per beneficiary will be paid in September 2022 (2021: $283).

The Group recognises distributions as a payable in the financial statements on the date the dividend is declared and in accordance with note 17 – Distribution Payables.

Shares

Vector Limited's total number of authorised and issued shares is 1,000,000,000 (2021: 1,000,000,000).

All ordinary issued shares are fully paid, have no par value and carry equal voting rights and equal rights to a surplus on winding up of the parent.

At balance date 26,343 shares (2021: 82,035) are allocated to the employee share purchase scheme.

25.2 Capital Management

Policies

The Parent's objectives in managing capital are:

- To safeguard the ability of the Trust to continue as a going concern; and
- To provide an adequate level of distribution to the Trust's income beneficiaries commensurate with the level of risk.

The Parent has taken Trustee's liability insurance as part of the Trust's risk management policy.

The group's objectives in managing capital are:

- To safeguard the ability of entities within the group to continue as a going concern;
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk; and
- Maintain an investment grade credit rating.

The group manages and may adjust its capital structure in light of changes in economic conditions and for the risk characteristics of the underlying assets. To achieve this the group may:

- Adjust its dividend policy;
- Return capital to shareholders; or
- Sell assets to reduce debt.

25.3 Reserves

Hedge reserves

Hedge reserves comprise the cash flow hedge reserve and cost of hedging.

The cash flow hedge reserve records the effective portion of changes in the fair value of derivatives that are designated as cash flow hedges.

The gain or loss relating to the ineffective portion is recorded in profit or loss within interest costs (net).

During the year, $19.1 million (2021: $32.8 million) was transferred from the cash flow hedge reserve to interest expense.

Cost of hedging records the change in the fair value of the cost to convert foreign currency into New Zealand dollars as required under NZ IFRS 9.

26. RELATED PARTY TRANSACTIONS

	PARENT 2022 $M	PARENT 2021 $M
Transactions with Vector Limited		
Dividends received	**125.8**	123.9
Distribution to customers	**-**	-

Transactions with associates and other joint operations.	GROUP 2022 $M	GROUP 2021 $M	PARENT 2022 $M	PARENT 2021 $M
Transactions with associate				
Purchase of vegetation management services from Treescape Limited	**1.2**	7.7	**-**	-
Directors' fees from Tree Scape Limited	**-**	0.1	**-**	-
Transactions with directors of Vector Limited				
Directors' fees paid to Entrust trustees directors of Vector Limited	**0.2**	0.2	**-**	-
Directors' fees paid to non-trustee directors of Vector Limited	**0.7**	0.6	**-**	-
Transactions with key management personnel				
Salary and other short-term employee benefits (Entrust)	**0.4**	0.4	**0.4**	0.4
Salary and other short-term employee benefits (Vector Limited)	**7.5**	5.8	**-**	-

Trustees' remuneration:

Trustees	2022 $	2021 $
W Cairns	**95,309**	90,000
M Buczkowski	**68,409**	65,000
C Hutchison	**65,745**	62,500
A Bell	**65,745**	62,500
D Lee	**44,564**	-
K Sherry	**18,792**	55,000
	358,564	335,000

Trustees' fees are paid by the Parent.

Related parties

The Parent is the majority shareholder of the subsidiary Vector Limited. Note 13 identifies all entities including associates, partnerships and joint ventures in which the group has an interest. All of these entities are related parties of the subsidiary Vector Limited. Other than Vector Limited's directors themselves, there are no additional related parties with whom material transactions have taken place.

Key management personnel include remuneration of Vector Limited's Group CEO and the members of his Executive Team during the periods presented as well as the remuneration of the Parent's trustees and executive officer.

As disclosed in note 5, the group's investment in Tree Scape Limited was sold on 31 August 2021, and as such is not considered a related party from 1 September 2021. Transactions up until the date of sale have been included in the related party transactions above.

27. CONTINGENT LIABILITIES

Disclosures

The directors are aware of claims that have been made against entities of the group and, where appropriate, have recognised provisions for these within note 18.

No material contingent liabilities have been identified.

28. EVENTS AFTER BALANCE DATE

Loss rental rebates	On 25 August 2022, Vector's board of directors have approved the distribution of loss rental rebates to customers on the Vector electricity network at a rate of $30 per connection. The distribution is expected to take place in September 2022.
Approval	The financial statements were approved by the Trustees on 26 August 2022.
Final dividend	On 25 August 2022, the Vector Board declared a final dividend for the year ended 30 June 2022 of 8.50 cents per share. On 26 August 2022, the Trustees resolved to make a net distribution to beneficiaries of $273 (2021: $283) per beneficiary. No adjustment is required to these financial statements in respect of this event.

29. GUIDELINES OF ACCESS TO INFORMATION

Disclosure

We wish to advise that, pursuant to paragraph 10.2 of the Guidelines of Access to Information by Beneficiaries of Electricity Community and Consumer Trusts, no requests for information were received by the trust office during the reporting period.

Year	No. of Requests Received	Costs incurred to process those requests and any recoveries made (includes external costs incurred and an allocation of internal costs based on Official Information Act guidelines)	No. of Trust decisions which were subject to review	Summary of outcome of those reviews and costs incurred in reviews
2022	Nil	$Nil	Nil	N/A
2021	Nil	$Nil	Nil	N/A