Entrust

Majority shareholder of Vector

Financial Statements
for the year ended 30 June 2018

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2018 FINANCIAL STATEMENTS

These financial statements for the year ended 30 June 2018 are dated 24 August 2018, and signed for and on behalf of the Trustees by:

W A A Cairns
Chairman

C P T Hutchison

Chairman of the Finance and Risk Committee

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 A Cairns (Chairman)
M J Buczkowski (Deputy Chairman)
C P T Hutchison
J A Carmichael
K A Sherry

Termination Date

27 August 2073

Auditor

Grant Thornton New Zealand Audit Partnership
P O Box 1961
Auckland

Legal Advisor

D Bigio
P O Box 4338
Auckland

Banker

ASB
P O Box 35
Auckland

ENTRUST
TRUSTEES REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The 2018 year has been busy for Entrust, with distribution of our $350.00 dividend to a record number of beneficiaries and new activity, as well as ongoing undergrounding, being funded from our Energy Solutions Programme.

INCOME AND EXPENDITURE

For the year ended 30 June 2018, income was $123.5 million. This sum was made up of $122 million from Vector in dividends and $1.5 million from interest on funds.

The total expenditure incurred by the Trust for the year was $3.2 million compared to $3.5 million last financial year and $4.2 million the previous year, a reduction of $1 million in costs over the last two years. These savings demonstrate a strong and continued focus on reducing costs.

This focus on reducing costs will continue, however the cost of the 2018 Entrust election will result in additional costs this financial year.

ANNUAL DIVIDEND

The September 2017 dividend was $350 and, though not in the period being reported on, the September 2018 dividend was also steady at $350, despite beneficiary numbers increasing to 331,000 which is our biggest dividend distribution to date.

The dividend distribution continues to be New Zealand's largest and provides a boost to the Auckland economy of nearly $116 million being injected on dividend day.

The dividend distribution is the most important activity Trustees do each year and we take great care to ensure every rightful beneficiary receives their dividend and, where possible, that it is paid in their preferred payment method. It is a complex process as around 43% of our beneficiaries either change address or customer details, or switch electricity retailers during the year, creating a high level of churn in our data.

To ensure we reach every person who is eligible for the Entrust dividend, we conduct a brief but high-impact advertising campaign at dividend time and during the mid-year update campaign.

The update campaign advises beneficiaries of the payment method we currently have on file and gives them the option to update the method they prefer, which is usually by direct credit to a bank account. Because of the high volume of churn in customer details over the course of the year, a large number of people do need to update their details with us and we typically receive around 50,000 replies from beneficiaries.

On dividend day, we typically send out approximately 120,000 cheques, and make payments to 160,000 bank accounts and 40,000 power accounts. The advertising we do at these times helps alert everyone that valuable information is in their mail. It also helps ensure that we reach everyone who is eligible.

If someone missed out on the dividend because their name wasn't on the roll, and this particularly applies to people on pre-pay power systems with no power bill - they know from the advertising to contact us. In the first month of the dividend being paid we will take more than 10,000 calls from people looking for their dividend. It is evident from these calls how important the Entrust dividend is to the community.

OUR KEY PRIORITIES

As owners of a significant and important investment in Vector, Entrust gets involved in many projects and initiatives each year. Key initiatives over the past year have included:

Energy Solutions Programme:

As the majority shareholder of Vector we have an agreement that commits Vector to spend $10.5 million per year on projects in the Entrust district.

Historically this fund has been used for undergrounding projects in the Entrust district, however from 2015 the parameters around the fund were changed and extended to include new technology initiatives such as solar and battery and EV chargers. The programme is now known as the Energy Solutions Programme.

Undergrounding

We reported last year that there would be challenges continuing with a significant undergrounding programme during FY17/18 and into the future, as Chorus had advised they planned to reduced funding to underground their telephone lines.

This would have meant there was no consumer or visual benefit to continuing the undergrounding programme as telephone poles and wires would remain in place even if electricity lines were underground, however we are delighted to advise that Chorus have reviewed their decision and will continue to support undergrounding, particularly large scale, suburban undergrounding projects.

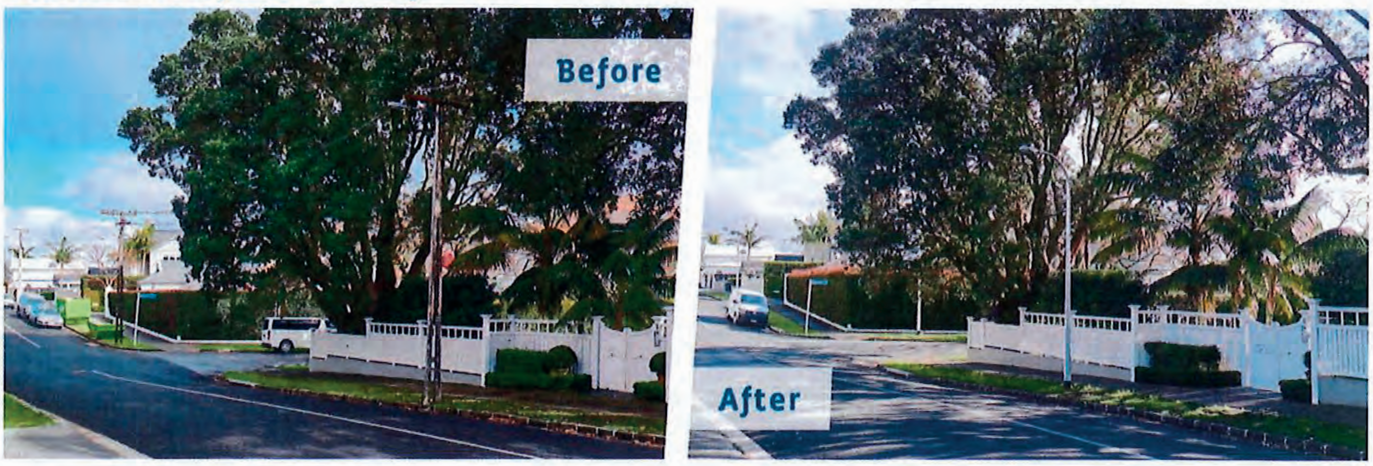
Despite the limited support from Chorus during the last financial year, undergrounding projects were completed in Massey Road (Mangere), Stack Street (Herne Bay), Morgan Street (Newmarket), Garnet Road (Westmere), Dominion Road (Mt Roskill) and Carbine Road (Mt Wellington).

We have also initiated and progressed undergrounding work in Franklin Road (Freemans Bay), Station Road (Otahuhu), Alba Road (Greenlane), Cowie Street (Newmarket) and Sarsfield Street (Herne Bay).

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

Massey Road, Mangere

Stack Street, Herne Bay



Community generation

In a new initiative, a range of mobile generator units have been purchased which will be used to support vulnerable and medically dependent customers and wider community groups within the Entrust District during planned outages and extended unplanned outages such as storms.

Sixty small generators will be able to support essential appliances of vulnerable and medically dependent customers. These generators have been purchased after consultation with the Auckland District Health Board to support dialysis and other typical medical assistance machines.

Additionally, six trailer and truck mounted mobile generator units have been purchased and once operational will be used to provide power to community events in the Entrust District, through a connection directly into Vector's network.

Smart pole

Another new initiative introduced during the financial year is the deployment of six pilot smart poles in Mt Albert and the Wynyard Quarter. The poles incorporate a variety of community friendly devices such as electric vehicle chargers, security cameras, electronic sign posting and weather sensors while the lifting the conductor above most tree lines to reduce visual impact and reduce vegetation issues.

Kawakawa Bay smart grid

Entrust and Vector have committed to developing a smart grid solution to improve the resilience and customer experience at Kawakawa Bay. The network to this area is exposed to significant geographical challenges and a microgrid which consists of a solar and battery system will reduce the outage times experienced by residents in Kawakawa Bay.

APPOINTMENT OF AUDITORS

At last year's Annual Meeting of Beneficiaries, Grant Thornton were appointed the Entrust auditors.

Trustees recommend the retention of Grant Thornton for the 2018/2019 financial year.

REMUNERATION OF AUDITORS

The audit fees for 2017/18 were $39,500.

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

9 October 2018

William Cairns, Chairman
Michael Buczkowski, Deputy Chairman
James Carmichael
Paul Hutchison
Karen Sherry

Grant Thornton

Independent Auditor's Report

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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 on pages 10 to 46 which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of comprehensive revenue and expense, consolidated statement of other 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 Entrust as at 30 June 2018 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)). 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 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and the provision of an agreed upon procedures engagement, we have no relationship with, or interests in, the Group.

Other Information

The Trustees are responsible for the other information. The other information comprises the Directory and Trustees Report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Grant Thornton

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Entrust 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 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-for-assurance-practitioners/auditors-responsibilities/audit-report-7/

Restriction on use of our report

This report is made solely to the Beneficiaries, as a collective body. Our audit work has been undertaken so that we might state to the Beneficiaries, as a collective body 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 Beneficiaries, as a collective body for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

Auckland, New Zealand

24 August 2018

Comprehensive Revenue and Expense

for the year ended 30 June

		GROUP		PARENT	
	NOTE	2018 $M	2017 $M	2018 $M	2017 $M
Revenue from exchange transactions	4	**1,328.4**	1,226.6	**122.0**	120.2
Operating expenses	5	**(790.0)**	(693.5)	**(3.2)**	(3.5)
Depreciation and amortisation		**(225.9)**	(199.6)	**-**	-
Interest costs (net)	6	**(129.2)**	(135.9)	**1.5**	1.3
Fair value change on financial instruments	7	**3.1**	1.6	**-**	-
Associates (share of net surplus/(deficit))	11.2	**(1.5)**	1.6	**-**	-
Surplus before income tax		**184.9**	200.8	**120.3**	118.0
Tax expense	8	**(36.8)**	(34.1)	**-**	-
Net surplus for the period		**148.1**	166.7	**120.3**	118.0
Net surplus for the period attributable to					
Non-controlling interests in subsidiaries		**36.9**	41.5	**-**	-
Beneficiaries of the Parent		**111.2**	125.2	**120.3**	118.0

Other Comprehensive Revenue and Expense

for the year ended 30 June

		GROUP		PARENT	
	NOTE	2018 $M	2017 $M	2018 $M	2017 $M
Net surplus for the period		**148.1**	166.7	**120.3**	118.0
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	20.2	**8.9**	40.3	**-**	-
Fair value change on financial asset	12	**1.1**	1.8	**-**	-
Translation of foreign operations		**(0.3)**	0.1	**-**	-
Other comprehensive revenue and expense for the period net of tax		**9.7**	42.2	**-**	-
Total comprehensive revenue and expense for the period net of tax		**157.8**	208.9	**120.3**	118.0
Total comprehensive revenue and expense for the period attributable to					
Non-controlling interests in subsidiaries		**39.3**	51.9	**-**	-
Beneficiaries of the Parent		**118.5**	157.0	**120.3**	118.0

Financial Position

as at 30 June

	NOTE	GROUP 2018 $M	GROUP 2017 $M	PARENT 2018 $M	PARENT 2017 $M
CURRENT ASSETS					
Cash and cash equivalents	22.3	**105.1**	89.3	**77.2**	74.4
Trade and other receivables from exchange transactions	10	**210.6**	206.8	**0.6**	0.5
Derivatives	20	**0.1**	-	**-**	-
Inventories		**11.6**	11.3	**-**	-
Intangible assets		**1.0**	2.4	**-**	-
Income tax		**84.7**	51.1	**-**	-
Total current assets		**413.1**	360.9	**77.8**	74.9
NON-CURRENT ASSETS					
Receivables from exchange transactions	10	**0.1**	-	**-**	-
Derivatives	20	**56.5**	37.9	**-**	-
Deferred tax	9	**0.1**	0.1	**-**	-
Investments in subsidiaries	11	**-**	-	**300.0**	300.0
Investments in associates	11.2	**8.1**	9.6	**-**	-
Other investments	11.4	**15.0**	6.2	**-**	-
Intangibles	12	**1,397.2**	1,397.3	**-**	-
Property, plant and equipment (PPE)	13	**3,995.7**	3,837.5	**-**	-
Total non-current assets		**5,472.7**	5,288.6	**300.0**	300.0
Total assets		**5,885.8**	5,649.5	**377.8**	374.9
CURRENT LIABILITIES					
Distributions payable	16	**68.1**	67.0	**68.1**	67.0
Trade and other payables from exchange transactions	15	**259.2**	250.5	**0.6**	0.5
Provisions	17	**24.4**	4.8	**-**	-
Provision for unclaimed distributions	18	**9.1**	7.4	**9.1**	7.4
Borrowings	19	**224.2**	399.7	**-**	-
Derivatives	20	**65.8**	6.6	**-**	-
Income tax		**0.6**	0.5	**-**	-
Total current liabilities		**651.4**	736.5	**77.8**	74.9
NON-CURRENT LIABILITIES					
Payables from exchange transactions	15	**44.9**	41.5	**-**	-
Provisions	17	**22.6**	20.4	**-**	-
Borrowings	19	**2,171.1**	1,770.7	**-**	-
Derivatives	20	**51.2**	156.5	**-**	-
Deferred tax	9	**486.7**	475.6	**-**	-
Total non-current liabilities		**2,776.5**	2,464.7	**-**	-
Total liabilities		**3,427.9**	3,201.2	**77.8**	74.9
NET ASSETS					
Net Assets attributable to beneficiaries of the Parent		**1,833.7**	1,835.5	**300.0**	300.0
Non-controlling interests in subsidiaries		**624.2**	612.8	**-**	-
Total net assets		**2,457.9**	2,448.3	**300.0**	300.0
Total net assets and liabilities		**5,885.8**	5,649.5	**377.8**	374.9

Cash Flows

for the year ended 30 June

	NOTE	GROUP 2018 $M	GROUP 2017 $M	PARENT 2018 $M	PARENT 2017 $M
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**1,312.2**	1,224.2	**-**	-
Interest received		**3.5**	10.3	**1.5**	1.4
Dividends received		**0.5**	2.0	**122.0**	120.2
Payments to suppliers and employees		**(739.6)**	(690.4)	**(3.1)**	(3.8)
Distribution to beneficiaries		**(109.6)**	(107.3)	**(109.6)**	(107.3)
Dividend withholding tax paid		**(8.0)**	(7.8)	**(8.0)**	(7.8)
Interest paid		**(127.0)**	(151.7)	**-**	-
Income tax refunded		**-**	0.9	**-**	-
Income tax paid		**(61.3)**	(62.1)	**-**	-
Net cash flows from operating activities	22.1	**270.7**	218.2	**2.8**	2.7
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	3	**7.8**	-	**-**	-
Proceeds from sale PPE and software intangibles		**0.4**	0.4	**-**	-
Purchase and construction of PPE and software intangibles		**(386.8)**	(354.2)	**-**	-
Post-completion payment for acquisition of businesses		**(1.4)**	(0.1)	**-**	-
Acquisition of businesses	3	**(1.7)**	(91.0)	**-**	-
Other investments	3	**(14.0)**	-	**-**	-
Net cash flows (used in) investing activities		**(395.7)**	(444.9)	**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	22.2	**570.8**	239.6	**-**	-
Repayment of borrowings	22.2	**(400.0)**	(273.2)	**-**	-
Dividends paid		**(41.9)**	(40.9)	**-**	-
Sale of Treasury shares		**14.0**	-	**-**	-
Other financing cash flows	22.2	**(2.1)**	(2.7)	**-**	-
Net cash flows from/ (used in) financing activities		**140.8**	(77.2)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**15.8**	(303.8)	**2.8**	2.7
Cash and cash equivalents at beginning of the period		**89.3**	393.1	**74.4**	71.7
Cash and cash equivalents at end of the period		**105.1**	89.3	**77.2**	74.4
Cash and cash equivalents comprise:					
Bank balances and on-call deposits	22.3	**19.6**	7.7	**0.7**	0.7
Short term deposits maturing within three months	22.3	**85.5**	81.6	**76.5**	73.7
		105.1	89.3	**77.2**	74.4

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 2016		(67.3)	(1.0)	1,864.8	601.8	2,398.3
Net surplus for the period		-	-	125.2	41.5	166.7
Other comprehensive revenue and expense		30.4	1.4	-	10.4	42.2
Total comprehensive revenue and expense		30.4	1.4	125.2	51.9	208.9
Dividends and distributions	23	-	-	(119.6)	(40.9)	(160.5)
Distribution payable		-	-	1.6	-	1.6
Total transactions with beneficiaries		-	-	(118.0)	(40.9)	(158.9)
Balance at 30 June 2017		**(36.9)**	**0.4**	**1,872.0**	**612.8**	**2,448.3**
Net surplus for the period		**-**	**-**	**111.2**	**36.9**	**148.1**
Other comprehensive revenue and expense		**6.7**	**0.6**	**-**	**2.4**	**9.7**
Total comprehensive revenue and expense		**6.7**	**0.6**	**111.2**	**39.3**	**157.8**
Dividends and distributions	23	**-**	**-**	**(121.3)**	**(41.9)**	**(163.2)**
Distribution payable		**-**	**-**	**1.0**	**-**	**1.0**
Total transactions with beneficiaries		**-**	**-**	**(120.3)**	**(41.9)**	**(162.2)**
Reclassification on sale of financial asset		**-**	**(1.4)**	**1.4**	**-**	**-**
Sale of treasury shares		**-**	**-**	**-**	**14.0**	**14.0**
Balance at 30 June 2018		**(30.2)**	**(0.4)**	**1,864.3**	**624.2**	**2,457.9**

PARENT	NOTE	TRUSTEE FUNDS $M	RETAINED EARNINGS $M	TOTAL NET ASSETS $M
Balance at 30 June 2016		300.0	-	300.0
Net surplus for the period		-	118.0	118.0
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		-	118.0	118.0
Dividends and distributions	23	-	(119.6)	(119.6)
Distribution payable		-	1.6	1.6
Total transactions with beneficiaries		-	(118.0)	(118.0)
Balance at 30 June 2017		**300.0**	**-**	**300.0**
Net surplus for the period		**-**	**120.3**	**120.3**
Other comprehensive revenue and expense		**-**	**-**	**-**
Total comprehensive revenue and expense		**-**	**120.3**	**120.3**
Dividends and distributions	23	**-**	**(121.3)**	**(121.3)**
Distribution payable		**-**	**1.0**	**1.0**
Total transactions with beneficiaries		**-**	**(120.3)**	**(120.3)**
Balance at 30 June 2018		**300.0**	**-**	**300.0**

Notes to the Financial Statements

Notes to the Financial Statements

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.

The financial statements for the Parent and the consolidated financial statements are presented. The consolidated financial statements comprise the Parent and its subsidiaries (together the "group") and the Group's share of any interest in associates, partnerships and joint ventures.

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 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

These financial statements have been prepared in accordance with NZ GAAP as appropriate for Tier 1 not-for-profit public benefit 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 ($), which is also the Parent's functional currency. All financial information has been rounded to the nearest million, unless otherwise stated.

The statements of comprehensive revenue and expense, other comprehensive revenue and expense, cash flows and changes in net assets are stated exclusive of Good and Services Tax ("GST"). All items in the financial position are stated exclusive of GST with the exception of trade receivables from exchange transactions and trade payables from exchange transactions, which include GST.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies, estimates and judgements

The group'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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in the future periods affected.

Accounting policies, and information about judgements, estimations and assumptions that have had a significant effect on the amounts recognised in the financial statements are disclosed in the relevant notes as follows:

- Revenue recognition (Note 4)
- Consolidation basis and classification and valuation of investments (Note 11)
- Impairment and valuation of goodwill (Note 12)
- Property, plant and equipment: valuation and classification of expenses (Note 13)
- Provisions (Note 17)
- Borrowings: measurement bases (Note 19)
- Valuation of derivatives (Note 20)
- Financial risk management - impairment of financial instruments (Note 21)
- Business combinations (Note 26)

Standards approved but not yet effective

PBE IPSAS Consolidation, accounting for associates and joint arrangements, and disclosures

The New Zealand Accounting Standards Board approved a suite of standards that will come into effect for accounting periods beginning on or after 1 January 2019.

PBE IPSAS 34 *Separate Financial Statements,* PBE IPSA 35 *Consolidated Financial Statements, PBE* IPSAS 36 *Investment in Associates and Joint Ventures, PBE* IPSAS 37 *Joint Arrangements* and PBE IPSAS 38 *Disclosures of Interest in Other Entities* will replicate the NZ IFRS guidance currently in place for for-profit entities in preparing their financial statements. The Vector financial statements comply with NZ IFRS.

The group do not expect any changes in respect of recognition and measurement when the suite of standards come into effect. Some additional disclosures under PBE IPSAS 38 are expected. The standards are mandatory for the group's financial year ended 30 June 2020. There are no plans to early adopt.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 comes into effect for accounting periods beginning on or after 1 January 2021.
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 2022. There are no plans to early adopt.

PBE IFRS 9 Financial Instruments

PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and is effective for accounting periods beginning on or after 1 January 2021. This standard is based upon NZ IAS 39 *Financial Instruments: Recognition and Measurement* which is being replaced by NZ IFRS 9 *Financial Instruments*. Key changes introduced in PBE IFRS 9 include creating new classification and measurement requirements for financial assets, new hedging requirements and new impairment requirements of financial assets.

The group is currently assessing the impact of PBE IFRS 9. The standard is mandatory for the Group's financial year ended 30 June 2022. There are no plans to early adopt.

3. SIGNIFICANT TRANSACTIONS AND EVENTS

Significant transactions and events that have occurred during the year ending 30 June 2018:

Commerce Commission settlement

On 7 July 2017, Vector and the Commerce Commission agreed the settlement of an over-recovery of electricity revenue by Vector during the regulatory years ended 31 March 2014 and 31 March 2015.

The agreement was to effect the settlement through future price adjustments for the regulatory years ending 31 March 2019 and 31 March 2020. Total value of the adjustments is approximately $13.9 million, including an accumulated interest of $3.8 million. Financially the adjustments will impact the group's reported revenues and interest costs over three financial years, commencing in the current year ended 30 June 2018 (3 months), and subsequently in years ended 30 June 2019 (12 months) and 30 June 2020 (9 months).

Investments

mPrest Systems (2003) Limited

On 4 October 2017, Vector invested $14.0 million (US $10.0 million) into mPrest Systems (2003) Limited (mPrest). The investment is accounted for as a financial asset on the Balance Sheet. The mPrest technology allows companies to better monitor, analyse, forecast and control energy networks and connect traditional infrastructure like electricity lines and substations with new technologies like solar and battery energy solutions. Vector is in the process of rolling out the mPrest technology across its Auckland network to improve its services to its customers. At 30 June 2018, through Vector the group holds 5.8% of the issued capital in mPrest.

SolPho Limited

Vector acquired 100% of the shares in SolPho Limited for cash consideration of $0.7 million on 1 November 2017. SolPho Limited owns the largest solar arrays in New Zealand, and the power is sold via a long-term offtake agreement.

Aircon Direct Limited

E-Co Products Group Limited and its associated subsidiary acquired the business of Aircon Direct Limited for cash consideration of $1.0 million on 22 September 2017. Aircon Direct Limited is a provider of air conditioning and ventilation system services and represents a geographical expansion to E-Co Products Group's business.

Sale of investments

NZ Windfarms Limited

On 23 February 2018, Vector group executed the unconditional sale of its 22.11% shareholding in NZ Windfarms Limited, an NZX listed renewable power generation entity. The sale transaction settled on 27 February 2018 for a total consideration of $6.4 million, representing the fair value of the investment at the time of sale. No gains and losses arose from the sale.

Power Ledger Pty Limited

Vector purchased a 2.7% equity stake in Power Ledger Pty Limited ("PowerLedger") for $0.4m in the prior year and concurrently entered into a trial arrangement with the company to test its blockchain-peer to peer technology on Vector's network. The equity stake was repurchased by PowerLedger from Vector in the current year for a consideration of $1.4 million, giving rise to a gain of $1.0 million. The trial arrangement between the two parties ended at the time of the repurchase.

Sale of treasury shares

On 9 November 2017, Vector group sold 4,244,923 treasury shares to various investors for a total of $14.0 million, at $3.30 per share (a 2.9% discount to the closing price on 8 November 2017).

Debt programme

On 25 October 2017, Vector issued a total of $415.8 million (US $300.0 million) of USD senior notes maturing on 25 October 2027 and 25 October 2029 respectively.

On 26 October 2017, Vector repaid $400.0 million of floating rate notes.

On 2 February 2018, Vector entered four new senior credit facilities to replace three facilities maturing on 3 February 2018. The new facilities mature on 2 February 2021.

On 25 June 2018, Vector issued a further $140.0 million of fixed rate wholesale bonds. The bonds have a fixed rate of 4.996% and mature on 14 March 2024.

3. SIGNIFICANT TRANSACTIONS AND EVENTS (continued)

Dividends

Vector Limited's final dividend for the year ended 30 June 2017 of 8.00 cents per share was paid on 15 September 2017.

Vector Limited's interim dividend for the year ended 30 June 2018 of 8.25 cents per share was paid on 11 April 2018.

Liquigas Limited, a subsidiary of the group, paid an interim dividend in December 2017 of $0.6 million and a final dividend in June 2018 of $1.2 million to the group's non-controlling interests.

4. REVENUE FROM EXCHANGE TRANSACTIONS

	GROUP		PARENT	
	2018 $M	2017 $M	2018 $M	2017 $M
Sales	**1,238.8**	1,159.6	**-**	-
Third party contributions	**71.5**	62.3	**-**	-
Other	**18.1**	4.8	**-**	-
Dividends received	**-**	-	**122.0**	120.2
Total	**1,328.4**	1,226.6	**122.0**	120.2

Policies

Revenue from exchange transactions is measured at the fair value of consideration received, or receivable.

Revenue is recognised when:

- The amount of the revenue and the costs in respect of the transaction can be measured reliably; and
- It is probable that the economic benefits of the transaction will flow to the Group.

Sales of goods are recognised when the risks and rewards of the goods have been transferred to the buyer.

Sales of services are recognised as the services are delivered, or if applicable on a percentage of completion basis.

Third party contributions towards the construction of property, plant and equipment are recognised to reflect the percentage completion of the underlying construction activity.

The Parent receives dividends from its investment in Vector Limited. Dividend revenue is recognised in other revenue on the date that the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

The group has no revenue from non-exchange transactions.

Judgements

Management must apply judgement where:

- The timing of customer payments for services does not coincide with the timing of delivery of those services; and/or
- Multiple services are delivered under one contract.

Notes to the Financial Statements

5. OPERATING EXPENSES

		GROUP		PARENT	
		2018 $M	2017 $M	2018 $M	2017 $M
Electricity transmission		**220.6**	212.6	**-**	-
Gas purchases and production		**187.1**	181.7	**-**	-
Technology cost of sales		**78.5**	35.7	**-**	-
Network and asset maintenance		**87.7**	85.3	**-**	-
Other direct expenses		**59.0**	30.3	**-**	-
Employee benefit expenses		**88.9**	83.4	**0.4**	0.5
Administration expenses		**21.0**	17.1	**1.0**	1.0
Distribution expenses		**1.1**	1.1	**1.1**	1.1
Trustee Remuneration	24	**0.3**	0.3	**0.3**	0.3
Professional fees		**15.3**	14.7	**0.3**	0.3
IT expenses		**15.0**	14.5	**-**	-
Other indirect expenses		**15.5**	16.8	**0.1**	0.3
Total		**790.0**	693.5	**3.2**	3.5

Fees paid to auditors of Entrust

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

- Audit of financial statements: $47,000 (2017; $57,000);
- Other services: $2,000 (2017: $3,000);

Other services provided by Grant Thornton in the current period relate to non-assurance services

Fees paid to other auditors

KPMG are the auditors of Vector Limited and group. Fees were paid to KPMG for services provided to Vector Limited as follows:

- audit or review of financial statements: $506,000 (2017: $530,000);
- regulatory assurance: $366,000 (2017; $508,000);
- other audit fees: $50,000 (2017, $24,000)

Other audit fees include the audit of guaranteeing group financial statements, share registry, bond registers and agreed upon procedures required by certain contractual arrangements.

There were no other services provided by KPMG during the year ended 30 June 2018 (2017; $16,000).

6. INTEREST COSTS (NET)

	GROUP		PARENT	
	2018 $M	2017 $M	2018 $M	2017 $M
Interest expense	**133.0**	144.1	**-**	-
Capitalised interest	**(4.4)**	(4.8)	**-**	-
Interest income	**(3.7)**	(8.5)	**(1.5)**	(1.3)
Other	**4.3**	5.1	**-**	-
Total	**129.2**	135.9	**(1.5)**	(1.3)

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 5.8% per annum (2017: 6.5%).

7. FAIR VALUE CHANGE ON FINANCIAL INSTRUMENTS

	NOTE	GROUP 2018 $M	GROUP 2017 $M
Fair value movement on hedging instruments		**32.2**	(53.6)
Fair value movement on hedged items		**(29.1)**	56.3
Reclassification of investment in associate to financial asset		**-**	(1.1)
Total gains/(losses)		**3.1**	1.6

8. INCOME TAX EXPENSE/(BENEFIT)

Reconciliation of income tax expense/(benefit)	GROUP 2018 $M	GROUP 2017 $M	PARENT 2018 $M	PARENT 2017 $M
Surplus before income tax	**184.9**	200.8	**120.3**	118.0
Tax at current rate	**51.8**	56.1	**39.7**	38.9
Current tax adjustments				
Non-deductible expenses	**3.7**	2.5	**0.4**	0.5
Relating to prior periods – change in depreciation method	**-**	17.2	**-**	-
Relating to prior periods - others	**1.9**	(6.1)	**-**	-
Relating to prior periods – tax dispute settlement	**-**	(12.6)	**-**	-
Relating to MEL Network Limited removal	**(16.7)**	-	**-**	-
Other	**(1.3)**	(3.0)	**(40.1)**	(39.4)
Deferred tax adjustments				
Relating to prior periods – change in depreciation method	**-**	(17.2)	**-**	-
Relating to prior periods - others	**(2.6)**	(0.4)	**-**	-
Relating to prior periods – tax dispute settlement	**-**	(2.4)	**-**	-
Income tax expense	**36.8**	34.1	**-**	-
Comprising				
Current tax	**28.1**	43.2	**-**	-
Deferred tax	**8.7**	(9.1)	**-**	-

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 for profit-oriented entities of 28%.

Other adjustments

MEL Network Limited removal

MEL Network Limited (MEL), a wholly owned subsidiary of Vector, was removed from the Companies Office register on 27 March 2018. Following the removal, the related party advance between MEL and Vector Limited was written off, resulting in an income tax benefit of $16.7m to the group. A private binding ruling was obtained to confirm the tax benefit.

Prior period adjustments

Change in depreciation method

The group recognised a $17.2 million income tax expense and an equivalent deferred income tax credit in the prior year in relation to the group's decision to change the tax depreciation method used for property, plant and equipment from the diminishing value method to the straight-line method.

Tax dispute settlement

The group recognised a $15.0 million income tax benefit as a prior period adjustment in the prior year. The adjustment was made following a judgment made by the Court of Appeal in respect of a tax dispute between Vector and the Inland Revenue. The dispute related to the tax treatment of monies received from Transpower for various rights including access to Vector's tunnel from Penrose to Hobson and the transmission corridor on the North Shore. The Court of Appeal found in favour of Vector.

8. INCOME TAX EXPENSE/(BENEFIT) (continued)

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.

Imputation credits

There are no imputation credits available for use as at 30 June 2018 (2017: nil), as the imputation account has a debit balance as of that date.

The Parent is not required to maintain an imputation credit account because it is a trust.

9. DEFERRED TAX

Deferred tax liability/ (asset)

GROUP	NOTE	PPE AND INTANGIBLES $M	PROVISIONS AND ACCRUALS $M	HEDGE RESERVES $M	OTHER $M	TOTAL $M
Balance at 1 July 2016		493.2	(10.2)	(34.7)	8.2	456.5
Recognised in profit or loss		(13.2)	1.9	-	2.2	(9.1)
Recognised in other comprehensive income		-	-	15.7	-	15.7
Recognised from business combinations		12.4	-	-	-	12.4
Balance at 30 June 2017		492.4	(8.3)	(19.0)	10.4	475.5
Recognised in profit or loss		**23.5**	**(11.3)**	**-**	**(3.5)**	**8.7**
Recognised in other comprehensive income		**-**	**-**	**3.5**	**-**	**3.5**
Recognised from business combinations	26	**(1.1)**	**-**	**-**	**-**	**(1.1)**
Balance at 30 June 2018		**514.8**	**(19.6)**	**(15.5)**	**6.9**	**486.6**

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

GROUP	2018 $M	2017 $M
Deferred tax asset	**(0.1)**	(0.1)
Deferred tax liability	**486.7**	475.6
Total	**486.6**	475.5

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.

10. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	GROUP		PARENT	
Current	2018 $M	2017 $M	2018 $M	2017 $M
Trade receivables from exchange transactions	**71.6**	77.4	**-**	-
Accrued revenues	**105.5**	101.8	**-**	-
Interest receivable	**17.9**	13.7	**0.6**	0.5
Prepayments	**11.7**	9.9	**-**	-
Other	**3.9**	4.0	**-**	-
Balance at 30 June	**210.6**	206.8	**0.6**	0.5
Non-current				
Other	**0.1**	-	**-**	-
Balance at 30 June	**0.1**	-	**-**	-

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

GROUP

	2018 $M Not credit impaired	2018 $M Credit impaired	2017 $M Not credit impaired	2017 $M Credit impaired
Business customers	**60.1**	**0.7**	56.1	0.1
Mass market customers	**4.4**	**-**	11.2	0.1
Third party asset damages	**0.4**	**3.9**	2.1	2.9
Residential and other	**5.2**	**-**	7.7	0.3
Total gross carrying amount	**70.1**	**4.6**	77.1	3.4
Loss allowance	**(0.1)**	**(3.0)**	(0.2)	(2.9)
	70.0	**1.6**	76.9	0.5

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

GROUP

	2018 $M Carrying amount	2018 $M Loss allowance	2017 $M Carrying amount	2017 $M Loss allowance
Not past due	**56.5**	**-**	60.8	0.2
Past due 1-30 days	**7.2**	**-**	6.0	-
Past due 31-120 days	**4.1**	**0.1**	3.6	0.3
Past due more than 120 days	**3.8**	**3.0**	7.0	2.6
Balance at 30 June	**71.6**	**3.1**	77.4	3.1

Policies

Receivables are initially recognised at fair value. They are subsequently adjusted for credit impairment losses. Discounting is not applied to receivables where collection is expected to occur within the next twelve months.

Credit risk

In assessing credit losses for trade receivables, the group applies the simplified approach and records lifetime expected credit losses ("ECLs") on trade receivables.

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.

In assessing 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.

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.

The Parent's exposure to credit risk is deemed not material by the board of trustees for the purpose of these financial statements.

Notes to the Financial Statements

11. INVESTMENTS

Judgements Classifying investments as either subsidiaries, associates, financial assets or joint operations requires management to judge the degree of influence which the group holds over the investee.

These judgements impact upon the basis of consolidation accounting which is used to recognise the group's investments in the consolidated financial statements.

11.1 Investments in subsidiaries

Trading subsidiaries

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

	Principal Activity	PERCENTAGE HELD 2018	2017
Subsidiaries with 30 June balance date			
NGC Holdings Limited	Holding company	**75.1%**	75.1%
Vector Gas Trading Limited	Natural gas trading and processing	**75.1%**	75.1%
Vector Kapuni Limited	Joint operator – cogeneration plant	**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%
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%
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%
Vector Energy Solutions (Australia) Pty Limited	Energy solutions services	**75.1%**	75.1%
E-Co Products Group Limited	Holding company	**75.1%**	75.1%
Cristal Air International Limited	Ventilation systems assembler and brand franchisor	**75.1%**	75.1%
HRV Home Solutions Limited	Ventilation systems, water systems and parts sales	**75.1%**	75.1%
Ventilation Australia Pty Limited	Holding company	**75.1%**	75.1%
HRV Australia Pty Limited	Ventilation system and parts sales	**75.1%**	75.1%
Energy Efficient Solutions NZ (2016) Limited	Home heating solutions sales	**75.1%**	75.1%
HVAC Hero 2016 Limited	Wholesaler of systems and parts	**75.1%**	75.1%
SolPho Limited	Energy solutions services	**75.1%**	-

11. INVESTMENTS (continued)

11.1 Investments in subsidiaries (continued)

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. There are currently no indicators that the group does not have control consistent with these voting rights.

The financial statements of subsidiaries are reported in the financial statements using the acquisition method of consolidation.

Intra-group balances and transactions between group companies are eliminated on consolidation.

Geography

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;
- Ventilation Australia Pty Limited;
- HRV Australia Pty Limited.

11.2 Investment in associate

Associate	PRINCIPAL ACTIVITY	BALANCE DATE	COUNTRY OF INCORPORATION	PERCENTAGE HELD 2018	PERCENTAGE HELD 2017
Tree Scape Limited	Vegetation management	31 March	New Zealand	**37.6%**	37.7%

	NOTE	2018 $M	2017 $M
Carrying amount of associates			
Balance at 1 July		**9.6**	15.6
Reclassification of investment in NZ Windfarms Limited to financial asset		-	(5.6)
Share of net profit/(loss) of associate		**(1.5)**	1.6
Dividends received		-	(2.0)
Balance at 30 June		**8.1**	9.6
Equity accounted earnings of associate			
Profit/(loss) before income tax		**(2.1)**	2.2
Income tax benefit/(expense)		**0.6**	(0.6)
Share of net profit/(loss) of associate		**(1.5)**	1.6
Total recognised revenues and expenses		**(1.5)**	1.6

Policies

Associates are entities in which the group has significant influence, but not control or joint control, over the operating and financial policies. The group holds over 20%, but not more than half, of the voting rights in all entities reported as associates, and has assessed that there are currently no indicators that the group does not have significant influence consistent with these voting rights. Where the group has 50% voting rights in an entity reported as an associate, we have determined that this does not constitute joint control as there is more than one combination of parties that can achieve majority voting rights and control through board voting.

Investments in associates are reported in the financial statements using the equity method.

11. INVESTMENTS (continued)

11.3 Interest in joint operation

Joint operation	PRINCIPAL ACTIVITY	BALANCE DATE	INTEREST HELD 2018	2017
Kapuni Energy Joint Venture	Cogeneration plant operator	30 June	**37.6%**	37.7%

Policies

A joint operation is where the group is a party to a joint arrangement, and has rights to the assets and obligations for the liabilities relating to the arrangement.

The group has assessed that the contractual arrangement governing the Kapuni Energy Joint Venture, of which Vector Kapuni Limited is a party, meets the criteria of a joint arrangement, and that the rights and obligations conferred by that contract meet the classification of a joint operation.

The interest in the joint operation is reported in the financial statements using the proportionate method.

11.4 Other investments

mPrest Systems (2003) Limited

On 4 October 2017, Vector invested $14.0 million (US $10.0 million) into mPrest Systems (2003) Limited. The investment is accounted for as a financial asset at fair value through other comprehensive income ("OCI") on the Balance Sheet.

At 30 June 2018, via Vector the group holds 5.8% of the issued shares in mPrest Systems (2003) Limited. The group have determined the fair value of the asset as $15.0 million at 30 June 2018, with the upward movement of $1.0 million recognised in OCI. There have been no purchases, disposals, issues and settlements made during the year.

For fair value measurement purposes, the financial asset is classified as level 3 on the fair value hierarchy (see Note 21 for explanations of various levels in the hierarchy). The table below provides information on how the fair value of the asset is determined.

DESCRIPTION	FAIR VALUE $M 2018	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	RANGE	SENSITIVITY OF FAIR VALUE TO CHANGES IN INPUT
Offshore private equity investment	$15.0	Market comparable companies approach	Enterprise value / revenue multiple – a multiple inferred from financial information of comparable public companies operating in the same geography.	Enterprise value / revenue multiple (times) 3.2 - 4.0	A 10% change in the multiple used will result in a $1.6 million change in the fair value.

The group's team of valuation specialists is responsible for establishing the appropriate valuation techniques and inputs into the valuation models, including an assessment of any inputs obtained from third party or market sources.

The valuation team report to the chief financial officer, and any significant valuation issues are reported to the group's audit committee.

12. INTANGIBLE ASSETS

GROUP	NOTE	CUSTOMER INTANGIBLES $M	EASEMENTS $M	SOFTWARE $M	TRADE NAMES $M	GOODWILL $M	TOTAL $M
Carrying amount 1 July 2016		13.0	14.5	54.7	-	1,198.1	1,280.3
Cost		21.7	14.5	229.1	-	1,198.1	1,463.4
Accumulated amortisation		(8.7)	-	(174.4)	-	-	(183.1)
Transfers from PPE		-	1.8	25.0	-	-	26.8
Acquisition of business		28.2	-	2.1	16.8	67.9	115.0
Disposals		-	-	-	-	-	-
Amortisation for the period		(2.8)	-	(21.8)	(0.2)	-	(24.8)
Carrying amount 30 June 2017		38.4	16.3	60.0	16.6	1,266.0	1,397.3
Cost		49.9	16.3	252.6	16.8	1,266.0	1,601.6
Accumulated amortisation		(11.5)	-	(192.6)	(0.2)	-	(204.3)
Additions		-	-	-	-	-	-
Transfers from PPE		-	**0.5**	**24.4**	-	-	**24.9**
Acquisition of business	26	-	-	-	-	**3.6**	**3.6**
Disposals		-	-	**(0.2)**	-	-	**(0.2)**
Amortisation for the period		**(4.5)**	-	**(23.1)**	**(0.8)**	-	**(28.4)**
Carrying amount 30 June 2018		**33.9**	**16.8**	**61.1**	**15.8**	**1,269.6**	**1,397.2**
Cost		**49.9**	**16.8**	**276.6**	**16.8**	**1,269.6**	**1,629.7**
Accumulated amortisation		**(16.0)**	-	**(215.5)**	**(1.0)**	-	**(232.5)**

12.1 Goodwill

Goodwill by group reportable segment	GROUP 2018 $M	2017 $M
Regulated Networks	**1,050.2**	1,021.5
Gas Trading	**156.8**	156.8
Technology	**62.6**	87.7
Total	**1,269.6**	1,266.0

Policies

Goodwill represents the excess of the consideration transferred over the fair value of the group'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. However, it is allocated to operating segments for impairment testing purposes as this is the highest level permissible under NZ IFRS.

During the year ended 30 June 2018, the group has allocated a total of $28.7 million of goodwill recognised through the acquisitions of E-Co Products Group Limited and PowerSmart NZ Limited to the electricity cash generating unit (CGU).

Impairment testing

Goodwill is tested at least annually for impairment against the recoverable amount of the operating segments to which it has been allocated.

For all segments the recoverable amount of each segment to which goodwill is allocated exceeds the net assets plus goodwill allocated. Therefore the group has determined that no impairment to goodwill has occurred during the period.

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.

12. INTANGIBLE ASSETS (continued)

12.1 Goodwill (continued)

Assumptions

The recoverable amounts attributed to the electricity, gas distribution, metering, gas trading and communications 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 gas trading and communications CGUs.

Terminal growth rates in a range of 1.0% to 2.0% (2017: 1.0% to 2.0%) and post-tax discount rates between 4.8% to 9.0% (2017: 4.8% and 7.6%) are applied. Rates vary for the specific segment 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.

12.2 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, customer intangibles, and trade names 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	2 - 36
Customer intangibles	3 - 20
Trade names	20

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 operating segments to which they have been allocated.

Notes to the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT (PPE)

GROUP	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 1 July 2016	2,752.1	419.5	167.2	101.7	114.6	115.1	3,670.2
Cost	3,609.9	684.3	195.2	196.8	200.7	115.1	5,002.0
Accumulated depreciation	(857.8)	(264.8)	(28.0)	(95.1)	(86.1)	-	(1,331.8)
Additions	-	-	-	-	3.0	367.4	370.4
Acquisition of business	-	-	0.8	0.2	1.9	-	2.9
Transfers - Intangible assets	-	-	-	-	-	(26.6)	(26.6)
Transfers - Other	222.2	73.2	8.4	17.1	23.7	(344.6)	-
Disposals	(4.6)	-	-	-	-	-	(4.6)
Depreciation for the period	(108.1)	(43.6)	(3.9)	(11.2)	(8.0)	-	(174.8)
Carrying amount 30 June 2017	2,861.6	449.1	172.5	107.8	135.2	111.3	3,837.5
Cost	3,818.2	757.5	204.4	208.8	229.4	111.3	5,329.6
Accumulated depreciation	(956.6)	(308.4)	(31.9)	(101.0)	(94.2)	-	(1,492.1)
Additions	**-**	**-**	**-**	**-**	**2.5**	**381.2**	**383.7**
Acquisition of business	**0.6**	**-**	**-**	**-**	**-**	**-**	**0.6**
Transfers - Intangible assets	**-**	**-**	**-**	**-**	**-**	**(24.9)**	**(24.9)**
Transfers - Other	**223.8**	**73.8**	**1.9**	**6.3**	**34.1**	**(339.9)**	**-**
Disposals	**(3.7)**	**-**	**-**	**-**	**-**	**-**	**(3.7)**
Depreciation for the period	**(120.3)**	**(44.1)**	**(3.7)**	**(14.3)**	**(15.1)**	**-**	**(197.5)**
Carrying amount 30 June 2018	**2,962.0**	**478.8**	**170.7**	**99.8**	**156.7**	**127.7**	**3,995.7**
Cost	**4,027.8**	**829.4**	**206.6**	**206.5**	**265.8**	**127.7**	**5,663.8**
Accumulated depreciation	**(1,065.8)**	**(350.6)**	**(35.9)**	**(106.7)**	**(109.1)**	**-**	**(1,668.1)**

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	Other plant and equipment	3 - 55
Leasehold improvements	5 - 20		

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

Judgements

Management must apply judgement when evaluating:

- Whether costs relate to bringing the items to working condition
- The amount of overhead costs which can be reasonably directly attributed to the construction or acquisition of an asset
- Whether subsequent expenditure on the asset increases the future economic benefits to be obtained from that asset

Whether any indicators of impairment have occurred which might require impairment testing of the current carrying values

Capital commitments

The estimated capital expenditure for PPE and software intangibles contracted for at balance date but not provided is $68.0 million for the group (2017: $52.6 million).

14. OPERATING LEASES

	GROUP	
Aggregate minimum lease payments under non-cancellable operating leases where the Group is the lessee	2018 $M	2017 $M
Within one year	**9.1**	8.9
One to five years	**16.6**	22.7
Beyond five years	**14.5**	16.5
Total	**40.2**	48.1

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.

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	GROUP 2018 $M	GROUP 2017 $M	PARENT 2018 $M	PARENT 2017 $M
Current				
Trade payables from exchange transactions	**160.9**	164.5	**0.6**	0.5
Deferred payables	**8.5**	10.4	-	-
Employee benefits	**15.6**	16.0	-	-
Deferred income	**34.3**	25.5	-	-
Finance leases	**0.3**	0.4	-	-
Interest payable	**39.6**	33.7	-	-
Balance at 30 June	**259.2**	250.5	**0.6**	0.5
Non-current				
Deferred income	**8.9**	10.6	-	-
Deferred payables	**35.8**	30.0	-	-
Finance leases	**0.2**	0.4	-	-
Other non-current payables	-	0.5	-	-
Balance at 30 June	**44.9**	41.5	-	-

Other payables

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

Deferred income includes third party contributions received in excess of those recognised in profit or loss.

Deferred payables include third party rebates payable in excess of those paid in cash.

The Group does not have payables from non-exchange transactions.

16. DISTRIBUTION PAYABLES

	GROUP 2018 $M	GROUP 2017 $M	PARENT 2018 $M	PARENT 2017 $M
Current				
Distributions payable	**68.1**	67.0	**68.1**	67.0

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 18).

As at 30 June 2018 no distribution roll had been struck to determine the allocation of this surplus to the beneficiaries, therefore the funds are held as distributions payable.

17. PROVISIONS

GROUP	PROVISION FOR DISTRIBUTION TO CUSTOMERS $M	DECOMMISSIONING PROVISIONS $M	OTHER $M	TOTAL $M
Balance 1 July 2017	-	20.4	4.8	25.2
Additions	16.6	0.4	3.0	20.0
Unwinding of discount	-	1.8	-	1.8
Balance at 30 June 2018	**16.6**	**22.6**	**7.8**	**47.0**
Comprising:				
Current	**16.6**	**-**	**7.8**	**24.4**
Non-current	**-**	**22.6**	**-**	**22.6**

Policies A provision is recognised where the likelihood of a resultant liability is more probable than not, and the amount required to settle the liability can be reliably estimated.

Decommissioning The decommissioning provisions represent the present value of the future expected costs for dismantling the group's gas treatment and cogeneration plants situated at Kapuni and 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.

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.

18. PROVISION FOR UNCLAIMED DISTRIBUTIONS

	GROUP		PARENT	
	2018 $M	2017 $M	2018 $M	2017 $M
Balance at beginning of the reporting period	**7.4**	6.1	**7.4**	6.1
Additions	**5.1**	4.3	**5.1**	4.3
Claimed and paid	**(0.3)**	(0.3)	**(0.3)**	(0.3)
Cancelled	**(3.1)**	(2.7)	**(3.1)**	(2.7)
Balance at end of the reporting period	**9.1**	7.4	**9.1**	7.4

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.

Notes to the Financial Statements

19. BORROWINGS

2018	CURRENCY	MATURITY DATE	FACE VALUE $M	UNAMORTISED COSTS $M	FAIR VALUE ADJUSTMENT ON HEDGED RISK $M	CARRYING VALUE $M	FAIR VALUE $M
Bank facilities – variable rate	NZD	Mar 2020 – Feb 2021	**110.0**	**(1.1)**	**-**	**108.9**	**108.9**
Capital bonds – 5.7% fixed rate	NZD	-	**307.2**	**(1.3)**	**-**	**305.9**	**324.9**
Wholesale bonds - 4.996% fixed rate	NZD	Mar 2024	**240.0**	**4.4**	**-**	**244.4**	**244.1**
Senior notes – fixed rate	USD	Sep 2019 – Sep 2029	**1,112.9**	**(2.6)**	**52.6**	**1,162.9**	**1,150.7**
Floating rate notes – variable rate	NZD	Oct 2020	**350.0**	**(1.0)**	**-**	**349.0**	**342.4**
Medium term notes - 7.625% fixed rate	GBP	Jan 2019	**285.6**	**(0.3)**	**(61.1)**	**224.2**	**231.4**
Balance at 30 June			**2,405.7**	**(1.9)**	**(8.5)**	**2,395.3**	**2,402.4**

2017	CgearURRENCY	MATURITY DATE	FACE VALUE $M	UNAMORTISED COSTS $M	FAIR VALUE ADJUSTMENT ON HEDGED RISK $M	CARRYING VALUE $M	FAIR VALUE $M
Bank facilities – variable rate	NZD	Feb 2018 – Mar 2020	95.0	(1.0)	-	94.0	94.1
Capital bonds – 5.7% fixed rate	NZD	-	307.2	(1.6)	-	305.6	319.3
Wholesale bonds - 4.996% fixed rate	NZD	Mar 2024	100.0	(0.3)	-	99.7	98.3
Senior notes – fixed rate	USD	Sep 2019 – Sep 2022	697.2	(1.4)	23.5	719.3	711.3
Floating rate notes – variable rate	NZD	Oct 2017 – Oct 2020	750.0	(1.6)	-	748.4	736.0
Medium term notes - 7.625% fixed rate	GBP	Jan 2019	285.6	(0.9)	(81.3)	203.4	222.7
Balance at 30 June			2,235.0	(6.8)	(57.8)	2,170.4	2,181.7

Policies

The Parent has no borrowings. All borrowings are held by Vector, a subsidiary of the Group.

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, explained further in Note 21.

Bank facilities

Four new floating rate bank facilities were added to replace the three facilities that matured in February 2018. The new facilities mature in February 2021.

Capital bonds

Capital bonds of $307.2 million are unsecured, subordinated bonds with the next election date set as 15 June 2022. The interest rate was fixed at 5.7% at the previous election date of 15 June 2017.

Wholesale bonds

In June 2018, Vector issued a further $140.0 million of fixed rate wholesale bonds to the existing $100.0 million wholesale bonds. The bonds have a fixed rate of 4.996% and mature in March 2024.

Senior notes

In October 2017, a total of $415.8 million (USD $300.0 million) of USD senior notes were issued. $277.2 million (USD 200 million) matures in October 2027 and $138.6 million (USD 100.0 million) matures in October 2029.

Floating rate notes

The $350.0 million floating rate notes are credit wrapped by MBIA Insurance Corporation. In October 2017, $400.0 million of floating rate notes were repaid and replaced by the October 2017 senior notes issue.

Medium term notes

The $285.6 million medium term notes are due to be repaid in January 2019. Vector has sufficient undrawn facilities to provide liquidity cover for the refinancing.

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 2018 and 30 June 2017.

20. DERIVATIVES AND HEDGE ACCOUNTING

	CASH FLOW HEDGES		FAIR VALUE HEDGES		COST OF HEDGING		TOTAL	
	2018 $M	2017 $M	2018 $M	2017 $M	2018 $M	2017 $M	2018 $M	2017 $M
Derivative assets								
Cross currency swaps	**-**	-	**56.8**	35.8	**(1.7)**	(3.7)	**55.1**	32.1
Interest rate swaps	**1.4**	5.9	**-**	-	**-**	-	**1.4**	5.9
Forward exchange contracts	**0.1**	-	**-**	-	**-**	-	**0.1**	-
Total	**1.5**	5.9	**56.8**	35.8	**(1.7)**	(3.7)	**56.6**	38.0
Derivative liabilities								
Cross currency swaps	**(65.9)**	(94.7)	**(0.4)**	(11.6)	**0.5**	1.2	**(65.8)**	(105.1)
Interest rate swaps	**(51.0)**	(57.7)	**-**	-	**-**	-	**(51.0)**	(57.7)
Forward exchange contracts	**(0.2)**	(0.3)	**-**	-	**-**	-	**(0.2)**	(0.3)
Total	**(117.1)**	(152.7)	**(0.4)**	(11.6)	**0.5**	1.2	**(117.0)**	(163.1)

Key observable market data for fair value measurement	2018	2017
Foreign currency exchange (FX) rates as at 30 June		
NZD-GBP FX rate	**0.5123**	0.5629
NZD-USD FX rate	**0.6766**	0.7334
Interest rate swap rates		
NZD	**1.89% to 3.03%**	1.85% to 3.36%
USD	**2.09% to 2.97%**	1.22% to 2.51%
GBP	**0.50% to 1.64%**	0.25% to 1.62%

Sensitivity to changes in market rates

Impact on comprehensive income: Sensitivity to change in interest rates	2018 $M	2017 $M
-1% change in interest rates	**(35.3)**	(42.6)
+1% change in interest rates	**33.9**	39.0
Sensitivity to change in foreign exchange rates		
-10% change in foreign exchange rates	**(8.0)**	(2.4)
+10% change in foreign exchange rates	**7.9**	3.0
Impact on profit or loss: Sensitivity to change in interest rates		
-1% change in interest rates	**(0.4)**	(1.4)
+1% change in interest rates	**0.3**	1.2
Sensitivity to change in foreign exchange rates		
-10% change in foreign exchange rates	**-**	2.8
+10% change in foreign exchange rates	**0.1**	(1.5)

20. DERIVATIVES AND HEDGE ACCOUNTING (continued)

Policies

The Parent does not hold any derivatives. All derivatives are held by Vector, a subsidiary of the group.

Vector 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 21.

Fair value is calculated as the present value of the estimated future cash flows based on 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.

The resulting gain or loss on re-measurement is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case the timing of recognition in profit or loss depends on the nature of the designated hedge relationship.

Vector 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.

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

Fair value hedges

Vector has entered into cross currency 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 (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

Vector 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, GBP medium term 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 table on the previous page shows the sensitivity of the financial statements to a range of possible changes in the market data at balance date.

20. DERIVATIVES AND HEDGE ACCOUNTING (continued)

Rights to offset

Vector 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 Vector 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.' Vector does not hold and is not required to post collateral against its derivative positions.

	2018 $M		2017 $M	
	DERIVATIVES POSITION AS PER BALANCE SHEET	AMOUNT AFTER APPLYING RIGHTS OF OFFSET UNDER ISDA AGREEMENTS	DERIVATIVES POSITION AS PER BALANCE SHEET	AMOUNT AFTER APPLYING RIGHTS OF OFFSET UNDER ISDA AGREEMENTS
Derivative assets	**56.6**	**10.6**	38.0	-
Derivative liabilities	**(117.0)**	**(71.0)**	(163.1)	(125.1)
Net amount	**(60.4)**	**(60.4)**	(125.1)	(125.1)

20. DERIVATIVES AND HEDGE ACCOUNTING (continued)

20.1 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:

Cash flow hedges 2018	FACE VALUE $M	WEIGHTED AVERAGE RATE	CARRYING AMOUNT ASSETS/(LIABILITIES) $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS $M	HEDGING (GAIN) OR LOSS RECOGNISED IN CASH FLOW HEDGE RESERVE $M	HEDGE INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS $M	(GAIN) OR LOSS RECOGNISED IN COST OF HEDGING $M
Interest risk							
Hedged item: NZD floating rate exposure on borrowings	**(790.0)**			**(49.0)**			
Hedging instrument: Interest rate swaps	**(1,100.0)**	**4.2%**	**(49.6)**	**(49.6)**	**49.6**	**-**	**-**
Interest and exchange risk							
Hedged item: GBP fixed rate exposure on borrowings	**(285.6)**			**(66.2)**			
Hedging instrument: Cross currency swaps	**(285.6)**	**10.8%**	**(65.6)**	**(65.9)**	**4.8**	**-**	**(0.3)**
					Total	**-**	

Cash flow hedges 2017	FACE VALUE $M	WEIGHTED AVERAGE RATE	CARRYING AMOUNT ASSETS/(LIABILITIES) $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS $M	HEDGING (GAIN) OR LOSS RECOGNISED IN CASH FLOW HEDGE RESERVE $M	HEDGE INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS $M	(GAIN) OR LOSS RECOGNISED IN COST OF HEDGING $M
Interest risk							
Hedged item: NZD floating rate exposure on borrowings	(1,000.0)			(52.8)			
Hedging instrument: Interest rate swaps	(1,420.0)	5.0%	(51.9)	(51.9)	51.9	-	-
Interest and exchange risk							
Hedged item: GBP fixed rate exposure on borrowings	(285.6)			(96.3)			
Hedging instrument: Cross currency swaps	(285.6)	10.8%	(94.0)	(94.7)	13.4	-	(0.7)
					Total	-	

The NZD floating rate exposure includes $350.0 million from the floating rate notes (2017: $750.0 million) and $440.0 million arising from hedging the USD senior bonds (2017: $250.0 million), as allowable under NZ IFRS 9.

The interest rate swaps include $310 million of forward starting swaps (2017: $420.0 million).

20. DERIVATIVES AND HEDGE ACCOUNTING (continued)

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

Fair value hedges 2018	FACE VALUE $M	WEIGHTED AVERAGE RATE $M	ACCUMULATED FAIR VALUE HEDGE ADJUSTMENTS $M	CARRYING AMOUNT ASSETS/(LIABILITIES) $M	CHANGE IN FAIR VALUE OF THE HEDGED ITEM $M	CHANGE IN FAIR VALUE OF THE HEDGING INSTRUMENT $M	CHANGE IN VALUE IN COST OF HEDGING $M
Interest and exchange risk							
Hedged item: USD fixed rate exposure on borrowings	**(1,112.9)**		**(52.6)**	**(1,162.9)**	**(29.1)**		
Hedging instrument: Cross currency swaps	**(1,112.9)**	**floating**		**55.0**		**32.2**	**1.8**
				Total	**(29.1)**	**32.2**	

Fair value hedges 2017	FACE VALUE $M	WEIGHTED AVERAGE RATE $M	ACCUMULATED FAIR VALUE HEDGE ADJUSTMENTS $M	CARRYING AMOUNT ASSETS/(LIABILITIES) $M	CHANGE IN FAIR VALUE OF THE HEDGED ITEM $M	CHANGE IN FAIR VALUE OF THE HEDGING INSTRUMENT $M	CHANGE IN VALUE IN COST OF HEDGING $M
Interest and exchange risk							
Hedged item: USD fixed rate exposure on borrowings	(697.1)		(23.5)	(719.3)	56.3		
Hedging instrument: Cross currency swaps	(697.1)	floating		21.0		(53.6)	(1.0)
				Total	56.3	(53.6)	

Hedging instruments and hedged items are included in the line items "Derivatives" and "Borrowings" respectively in the balance sheet. Ineffectiveness is the sum of the change in fair value of the hedged item and the change in fair value of the hedging instrument. 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.

20. DERIVATIVES AND HEDGE ACCOUNTING (continued)

20.2 Reconciliation of changes in hedge reserves

Hedge reserves **2018**	CASHFLOW HEDGE RESERVE $M	COST OF HEDGING $M	TOTAL $M
Opening balance	**47.2**	**1.8**	**49.0**
Hedging gains or losses recognised in OCI	**33.2**	**(1.4)**	**31.8**
Transferred to profit or loss	**(44.4)**	**-**	**(44.4)**
Recognised as basis adjustment to non-financial assets	**0.2**	**-**	**0.2**
Deferred tax on change in reserves	**3.1**	**0.4**	**3.5**
Closing balance	**39.3**	**0.8**	**40.1**

Hedge reserves **2017**	CASH FLOW HEDGE RESERVE $M	COST OF HEDGING $M	TOTAL $M
Opening balance	89.0	0.4	89.4
Hedging gains or losses recognised in OCI	1.6	2.0	3.6
Transferred to profit or loss	(59.5)	-	(59.5)
Recognised as basis adjustment to non-financial assets	(0.1)	-	(0.1)
Deferred tax on change in reserves	16.2	(0.6)	15.6
Closing balance	47.2	1.8	49.0

21. FINANCIAL RISK MANAGEMENT

Policies

Fair value measurement hierarchy

Financial instruments measured at fair value are classified according to the following levels:

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).

Risk management framework

Vector has a comprehensive treasury policy, approved by the Vector board of directors, 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 of directors. Each risk is monitored on a regular basis and reported to the board.

The Parent is exposed to credit risk and liquidity risk that are managed by the board of trustees.

21.1 Interest rate risk

Interest rate exposure **2018**	< 1 YEAR $M	1 - 2 YEARS $M	2 - 5 YEARS $M	> 5 YEARS $M	TOTAL $M
Interest rate exposure: borrowings	**745.6**	**296.6**	**707.7**	**655.8**	**2,405.7**
Derivative contracts:					
Interest rate swaps	**(1,070.0)**	**(30.0)**	**790.0**	**310.0**	**-**
Cross currency swaps	**1,112.9**	**(296.6)**	**(400.5)**	**(415.8)**	**-**
Net interest rate exposure	**788.5**	**(30.0)**	**1,097.2**	**550.0**	**2,405.7**

Interest rate exposure **2017**	< 1 YEAR $M	1 - 2 YEARS $M	2 - 5 YEARS $M	> 5 YEARS $M	TOTAL $M
Interest rate exposure: borrowings	845.0	285.6	753.8	350.5	2,234.9
Derivative contracts:					
Interest rate swaps	(790.0)	(230.0)	600.0	420.0	-
Cross currency swaps	697.1	-	(446.6)	(250.5)	-
Net interest rate exposure	752.1	55.6	907.2	520.0	2,234.9

Policies

The group and Vector are 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.

Vector's board of directors has set and actively monitors maximum and minimum limits for the net interest rate exposure profile.

21. FINANCIAL RISK MANAGEMENT (continued)

21.2 Credit risk

Policies

Credit risk represents the risk of cash flow losses arising from counterparty defaults. The group and Vector are 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 2018, 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.

21.3 Liquidity risk

Group contractual cash flows maturity profile **2018**	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					
Distributions payable	**68.1**	**-**	**-**	**-**	**68.1**
Trade payables from exchange transactions and deferred payables	**169.2**	**10.7**	**22.4**	**2.7**	**205.0**
Unclaimed distributions	**9.1**	**-**	**-**	**-**	**9.1**
Borrowings: interest	**109.1**	**82.6**	**161.8**	**91.2**	**444.7**
Borrowings: principal	**334.5**	**288.2**	**1,118.3**	**683.4**	**2,424.4**
Derivative financial (assets)/liabilities					
Cross currency swaps: inflow	**(291.7)**	**(330.0)**	**(546.2)**	**(524.3)**	**(1,692.2)**
Cross currency swaps: outflow	**349.7**	**332.2**	**498.3**	**530.9**	**1,711.1**
Forward exchange contracts: inflow	**(8.4)**	**-**	**-**	**-**	**(8.4)**
Forward exchange contracts: outflow	**8.5**	**-**	**-**	**-**	**8.5**
Net settled derivatives					
Interest rate swaps	**21.0**	**22.1**	**13.3**	**(0.8)**	**55.6**
Group contractual cash flows	**769.1**	**405.8**	**1,267.9**	**783.1**	**3,225.9**

21. FINANCIAL RISK MANAGEMENT (continued)

21.3 Liquidity risk (continued)

Group contractual cash flows maturity profile **2017**	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					
Distributions payable	67.0	-	-	-	67.0
Trade payables from exchange transactions and deferred payables	174.7	8.0	21.9	-	204.6
Unclaimed distributions	7.4	-	-	-	7.4
Borrowings: interest	87.7	84.0	142.1	15.3	329.1
Borrowings: principal	400.0	204.3	1,195.4	348.2	2,147.9
Derivative financial (assets)/liabilities					
Cross currency swaps: inflow	(47.4)	(251.7)	(497.4)	(253.4)	(1,049.9)
Cross currency swaps: outflow	55.5	336.8	508.1	257.9	1,158.3
Forward exchange contracts: inflow	(23.5)	-	-	-	(23.5)
Forward exchange contracts: outflow	23.8	-	-	-	23.8
Net settled derivatives					
Interest rate swaps	29.2	17.5	17.8	(3.4)	61.1
Group contractual cash flows	774.4	398.9	1,387.9	364.6	2,925.8

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

The cash flows for capital bonds, included in borrowings, are disclosed as payable within 2 - 5 years as the next election date set for the capital bonds is 15 June 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. Vector's board has set a minimum headroom requirement for committed facilities over Vector's anticipated 18 month peak borrowing requirement.

At balance date, in addition to short-term deposits, Vector has access to undrawn funds of $545.0 million (2017: $530.0 million).

21.4 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 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.

21.5 Funding risk

Policies

Funding risk is the risk that Vector 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 19.

Vector's board of directors has set the maximum amount of debt that may mature in any one financial year.

22. CASH FLOWS

22.1 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	NOTE	GROUP 2018 $M	GROUP 2017 $M	PARENT 2018 $M	PARENT 2017 $M
Net surplus/(deficit)for the period		**148.1**	166.7	**120.3**	118.0
Transactions with beneficiaries					
Distribution to beneficiaries		**(121.3)**	(119.6)	**(121.3)**	(119.6)
Distributions payable		**1.0**	1.6	**1.0**	1.6
		(120.3)	(118.0)	**(120.3)**	(118.0)
Items classified as investing activities					
Net loss/(gain) on disposal of PPE and software intangibles		**2.4**	4.3	**-**	-
Net loss/(gain) on sale of investments		**(1.1)**	-	**-**	-
		1.3	4.3	**-**	-
Non-cash items					
Depreciation and amortisation		**225.9**	199.6	**-**	-
Non-cash portion of interest costs (net)		**1.6**	(3.7)	**-**	-
Fair value change on financial instruments	7	**(3.1)**	(1.6)	**-**	-
Associates (share of net surplus/(deficit))	11.2	**1.5**	(1.6)	**-**	-
Increase/(decrease) in deferred tax		**8.6**	(9.1)	**-**	-
Increase/(decrease) in provisions		**21.4**	(1.3)	**-**	-
Other non-cash items		**0.4**	-	**-**	-
		256.3	182.3	**-**	-
Cash items not impacting net surplus/(deficit)					
Dividends received from associate	11.2	**-**	2.0	**-**	-
Changes in assets and liabilities					
Trade and other payables from exchange transactions		**35.1**	8.0	**0.1**	(0.2)
Inventories		**(1.2)**	(2.0)	**-**	-
Trade and other receivables from exchange transactions		**(18.2)**	(11.3)	**(0.1)**	-
Income tax		**(33.2)**	(16.7)	**-**	-
Distributions payable		**1.1**	1.6	**1.1**	1.6
Unclaimed distributions		**1.7**	1.3	**1.7**	1.3
		(14.7)	(19.1)	**2.8**	2.7
Net cash flows from/(used in) operating activities		**270.7**	218.2	**2.8**	2.7

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

Reconciliation of movement of liabilities to cash flows arising from financing activities	FINANCE LEASES	BORROWINGS	DERIVATIVES	TOTAL
As at 1 July 2017	**0.8**	**2,170.4**	**125.1**	**2,296.3**
Net draw downs	**-**	**170.8**	**-**	**170.8**
Other financing cash flows	**(0.4)**	**(1.7)**	**-**	**(2.1)**
Financing cash flows	**(0.4)**	**169.1**	**-**	**168.7**
Fair value changes	**-**	**49.3**	**(64.7)**	**(15.4)**
Premium received	**-**	**5.1**	**-**	**5.1**
Borrowing fees paid	**-**	**(3.7)**	**-**	**(3.7)**
Amortisation of debt raising costs	**-**	**5.1**	**-**	**5.1**
New finance leases	**0.1**	**-**	**-**	**0.1**
As at 30 June 2018	**0.5**	**2,395.3**	**60.4**	**2,456.2**

22. CASH FLOWS (continued)

New accounting standard adopted

The group has adopted the disclosure requirements in *Disclosure Initiative (Amendments to IAS 7)*. The table above provides an explanation of changes in the group's liabilities for which cash flows have been classified as financing activities in the cash flow statement.

22.3 Cash and cash equivalents

Policies

Cash and cash equivalents are carried at amortised cost less an allowance for expected credit losses.

Cash and cash equivalents includes deposits that are on call.

23. EQUITY

23.1 Share Capital

Trust Distributions

The Trust's net distribution of $350 per beneficiary will be paid in September 2018 (2017: $350).

The Group recognises distributions as a payable in the financial statements on the date the dividend is declared.

Shares

Vector Limited's total number of authorised and issued shares is 1,000,000,000 (2017: 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 86,148 shares (2017: 109,090) are allocated to Vector's employee share purchase scheme.

23.2 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 subsidiary, Vector Limited, 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 Vector may:

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

The subsidiary, Vector Limited, primarily monitors capital on the basis of the gearing ratio.

23. EQUITY (continued)

23.3 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, $44.4 million (2017: $59.5 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.

Other reserves

Other reserves comprise:

- A share-based payment reserve relating to Vector's employee share purchase scheme. When shares are vested to the employee, the reserve is offset with a reduction in treasury shares.
- A foreign currency translation reserve to record exchange differences arising from the translation of the group's foreign operations.
- A reserve recording the group's share of its associates other comprehensive income.
- A reserve to record the fair value movements in the group's investments in financial assets.

24. RELATED PARTY TRANSACTIONS

	2018 $M	2017 $M
Transactions with Vector Limited		
Receipt of dividend	**122.0**	120.2

	GROUP		PARENT	
Transactions with associates and other joint operations.	2018 $M	2017 $M	2018 $M	2017 $M
Purchases of electricity and steam from Kapuni Energy Joint Venture (KEJV)	**8.9**	7.8	-	-
Purchase of vegetation management services from Tree Scape Limited	**7.4**	6.8	-	-
Sale of gas to KEJV	**9.4**	8.3	-	-
Sales of operations and maintenance services to KEJV	**1.7**	1.9	-	-
Administration and other services provided to KEJV	**0.1**	0.1	-	-
Dividends received from Tree Scape Limited	-	2.0	-	-
Electricity services provided to NZ Windfarms Limited	-	0.1	-	-
Directors' fees from Tree Scape Limited	**0.1**	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**	0.7	-	-
Transactions with key management personnel				
Trustees remuneration	**0.3**	0.3	**0.3**	0.3
Salary and other short-term employee benefits (Entrust)	**0.4**	0.6	**0.4**	0.6
Salary and other short-term employee benefits (Vector Limited)	**5.4**	5.5	-	-

24. RELATED PARTY TRANSACTIONS (continued)

Related parties

The Parent is the majority shareholder of the subsidiary Vector Limited. Note 11 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 includes 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.

Other

The group may transact on an arms' length basis with companies in which directors have a disclosed interest.

Receivables/ (Payables)

	2018 $M	2017 $M
Tree Scape Limited	**-**	(0.7)
KEJV	**0.3**	0.5

25. CONTINGENT LIABILITIES

Disclosures

The subsidiary, Vector Limited's directors are aware of claims that have been made against Vector and entities within the Vector group and, where appropriate, have recognised provisions for these within note 17 of these financial statements.

The board of trustees is not aware of claims that have been made against the Parent.

No material contingent liabilities have been identified.

26. BUSINESS COMBINATIONS

In the prior year, Vector acquired 100% of the voting shares in E-Co Products Group Limited ("E-Co Products") and the business and net assets of PowerSmart NZ Limited ("PowerSmart") respectively.

In the prior year, goodwill was recognised based on provisional fair values of the assets and liabilities acquired at the time of acquisition. On the date of acquisition, Vector repaid $15.4 million of E-Co Products' liabilities. The repayment was treated as a separate transaction.

The table below sets out the final fair values of assets and liabilities acquired. The measurement period ended on 31 March 2018, 12 months after acquisition date.

	GROUP	
	2018 $M	2017 $M
Fair value of net assets acquired at acquisition date		
Net working capital	**(0.4)**	0.9
Property, plant and equipment (including software)	**5.0**	5.0
Identifiable intangible assets	**45.0**	45.0
Deferred tax liability	**(11.3)**	(12.4)
Bank debt and other liabilities	**(17.9)**	(15.4)
Goodwill	**70.7**	67.9
Net assets and liabilities acquired	**91.1**	91.0
Cash paid 31 March 2017	**92.0**	92.0
Post-acquisition adjustment	**(0.9)**	(1.0)
Total consideration	**91.1**	91.0

27. EVENTS AFTER BALANCE DATE

Approval

The financial statements were approved by the trustees on 24 August 2018.

Final dividend

On 23 August 2018, the Vector board declared a final and fully imputed dividend for the year ended 30 June 2018 of 8.0 cents per share.

On 24 August 2018, the trustees resolved to make a net distribution to beneficiaries of $350 (2017: $350) per beneficiary.

No adjustment is required to these financial statements in respect of these events.

Commerce Commission settlement

On 7 July 2017, Vector and the Commerce Commission agreed the settlement of an over-recovery of electricity revenue by Vector during the regulatory years ended 31 March 2014 and 31 March 2015.

The settlement will be effected through a price adjustment for the regulatory year to 31 March 2019 and 31 March 2020. The total amount of the adjustment is approximately $13.9 million which will impact revenues reported for the financial years ending 30 June 2018 (3 months), 30 June 2019 (12 months), and 30 June 2020 (9 months).

No adjustment is required to these financial statements in respect of this event.

28. 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
2018	Nil	$Nil	Nil	N/A
2017	Nil	$Nil	Nil	N/A