Electra

ANNUAL REPORT 2010–2011

Electra Limited

ELECTRA LIMITED

Electra Limited operates as an electricity line owner and operator in the Kapiti and Horowhenua region on the west coast of the lower North Island, New Zealand. Ownership is vested in Electra Trust on behalf of 42,483 beneficiaries. At 31 March 2011, the Group had total assets of $274 million and shareholders' funds of $134 million and employed 264 (full-time-equivalent) people. Electra owns 100% of Linework and Stones Limited, electrical contracting and maintenance businesses; DataCol NZ Limited which is a national electricity and gas meter reading company; Oxford Finance Corporation Limited, which specialises in Financial Services and Sky Communications which is a telecommunications contracting company.

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All values in this report are in thousands (000's) of New Zealand dollars (rounded) and are for years ended 31 March unless otherwise stated.

"This year" means the year ended 31 March 2011

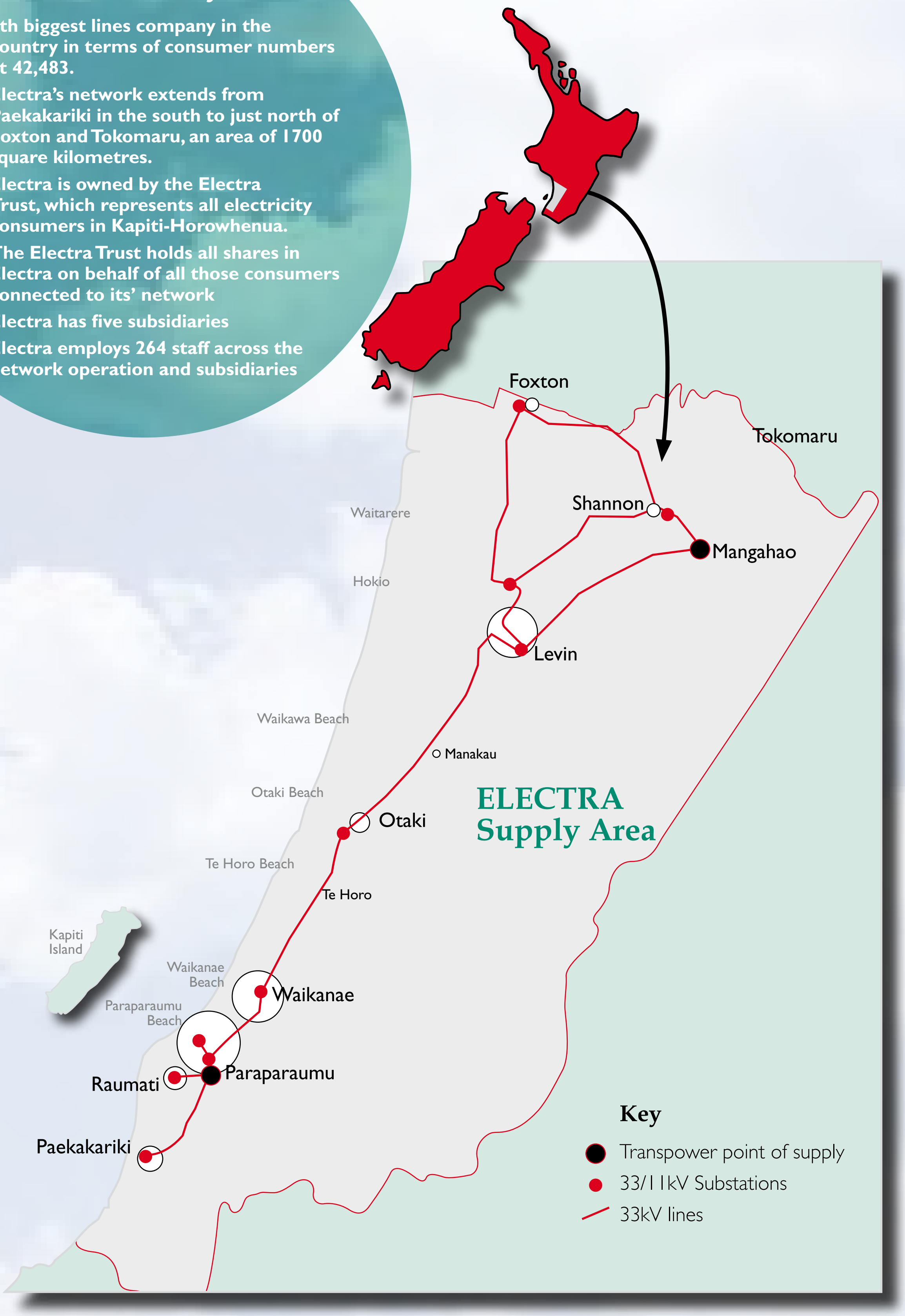
"Last year" means the year ended 31 March 2010

"Next year" means the year ending 31 March 2012

Electra

ELECTRA key facts

- 9th biggest lines company in the country in terms of consumer numbers at 42,483.
- Electra's network extends from Paekakariki in the south to just north of Foxton and Tokomaru, an area of 1700 square kilometres.
- Electra is owned by the Electra Trust, which represents all electricity consumers in Kapiti-Horowhenua.
- The Electra Trust holds all shares in Electra on behalf of all those consumers connected to its' network
- Electra has five subsidiaries
- Electra employs 264 staff across the network operation and subsidiaries



THE ELECTRA GROUP

At 31 March 2011, the Group had total assets of $274 million and shareholders' funds of $134 million.

Electra Trust

owns

Electra Limited

which owns

Linework and Stones Limited

a power/electrical contracting and maintenance business;

Oxford Finance Corporation Limited 'Oxford Finance' a Financial Services company;

DataCol NZ Limited

a national electricity and gas meter reading company

Sky Communications Limited

a full service telecommunications company

Sky Communications Pty Limited

a full service telecommunications company operating in Sydney and Melbourne, Australia.

HIGHLIGHTS

Revenue growth of 9% to $75 million

$7.9 million (including GST) Sales Discount distributed to Kapiti-Horowhenua

Total assets grew by $5 million

Shareholder equity increased by $1.5 million

Invested $6.3 million in our electricity network

High levels of consumer satisfaction maintained in annual surveys

Linework and Stones

Oxford Finance

DataCol NZ

Sky Communications

Proudly supporting our Kapiti-Horowhenua community

We sponsor:

"Caring for Our Community" pages in local newspapers

20 Electra Business Breakfasts

The 2010 annual Electra Business Awards and;

Oxford Finance's sponsorship of Levin's annual Agriculture, Pastoral and Industry (AP&I) show

CHAIR AND CEO REVIEW

On behalf of the Board of Directors, we present the Electra Limited 2011 Annual Report, which incorporates the audited financial statements of Electra Limited and its subsidiaries (collectively known as the Electra Group) for the year ended 31 March 2011.

The Electra Group's principal activities comprise: Electra Limited, the electricity lines business in the Kapiti and Horowhenua region; Linework and Stones Limited, a power and electrical contracting and maintenance business; Oxford Finance Corporation Limited, a financial services company; DataCol NZ Limited, a national meter reading and data collection company; and Sky Communications Limited, a telecommunications contracting business.

2010 saw a continuation of difficult economic conditions as the country continued its fragile recovery from the 2008 global financial crisis. Slow regional growth and a particularly mild winter contributed to lower sales volumes on the network for the year, while network construction costs rose due to major projects in the northern regions and the tragic earthquakes in the Canterbury region created competing demands for resources, equipment and materials. As a result, significant pressure was placed on the Group's traditional revenue streams.

The Electra Group achieved a profit after customer discount and tax of $0.4 million for the year. This result is after providing for an additional $2.7 million depreciation on network assets following their revaluation at the end of the previous year.

On a more sombre note we would like to acknowledge the terrible events that have taken place in Christchurch and the Canterbury region since last September, and offer our best wishes and support to the people of Canterbury. Two of our own companies within the Electra Group (DataCol and Sky Communications) have premises in Christchurch, and while our people and their families were thankfully unharmed, they have suffered significant damage to their homes and offices. Despite the hardships they face, our teams down there have been keen to continue with "business as usual" and have worked hard to make this happen, with fantastic support from staff in our Wellington and Auckland offices. We are proud to have such high calibre people within the Electra Group.

Our Financial Performance

The Electra Group's goal has always been to maximise value for our consumers and owner, the Electra Trust, through competitive prices, quality services and efficient operations.

Despite the challenging economic conditions, all our subsidiary businesses returned profits.

The Group profit of $0.4 million, while down on the 2010 result, is after a very significant 38% increase in the non cash provision for depreciation on the electricity network assets following their revaluation at 31 March 2010.

Total Group revenue for the year was $75.2 million, a 9% increase on the 2009/10 result ($68.8 million).

Total shareholder funds increased to $134 million, up on the previous year ($132 million).

Sales Discount Distribution

Despite the mild winter and increased operational expenses across the network, the overall performance of the entire Electra Group meant the Board was able to declare a sales discount of $7.9m (including GST), which was once again distributed to the 42,483 consumers connected to the Electra network.

This year's discount was broadly in line with the previous year ($8.14m) and was a hugely satisfying achievement in a particularly challenging environment.

We are proud to have returned more than $120m to communities throughout the Kapiti and Horowhenua regions over the last 17 years.

Electra Group Overview

The overall performance of the Electra Group is directly linked to the underlying performance of the Group's subsidiary companies.

The Group has a strategy of diversifying its business streams and improving overall profitability by acquiring high quality assets capable of growth potential.

Electra

Electra Limited owns and operates the electricity network throughout the Horowhenua and Kapiti regions. The network covers more than 1,700 square kilometres with 42,483 customers.

The core electricity network operation remains critical to the Electra Group's overall performance. This year saw another solid performance, with revenue up to $30 million. Total electricity sales volume was 1.3% lower than the previous year, due in large part to a particularly mild winter in 2010 compared to an exceptionally cold winter in 2009 and energy cost increases.

There was continued focus throughout the last year on positioning the network for future growth. One of the keys to stimulating the local economy is to attract new developments to the region and the provision of an efficient, reliable electricity supply is fundamental to this.

A number of potential regional developments are beginning to emerge including the planned expressway and Paraparaumu airport redevelopment projects along with the rail electrification to Waikanae and these will present positive challenges to ensure the network meets the capacity requirements of these developments.

There has been significant investment in renewal projects across the network, such as upgrades to switchgear, poles, transformers and substations, while planning is currently underway to identify a number of major upgrades to meet expected future demand including the possibility of a new Grid Exit Point.

While network charges have had to increase, competition amongst the electricity retailers on our network has seen significant acquisition activity taking place, which is a positive for electricity consumers throughout the region. We continue to encourage new electricity retailers to our network to provide more competition and offer local consumers an even greater choice of supplier.

Vegetation control has been a key part of the overall maintenance plan for the network, with two specialist crews making a major contribution to better network reliability year on year.

Meanwhile, an emphasis on the safety of the people who work on our network continues with a dozen contractors meeting the requirement's of Electra's authorisation process. This not only reinforces safety practices on the network, it also improves operational standards and plays an important role in overall network reliability.

The company remains committed to delivering a high level of service to consumers, and our annual awareness and satisfaction surveys once again showed consumers expressing a high level of satisfaction with the overall service they receive from Electra, both from our Call Centre and Service personnel.

Oxford Finance

In a market experiencing massive challenges, from continued weak economic conditions to fresh finance company collapses and sluggish consumer spending, Oxford Finance reported a positive result for the year ended 31 March 2011.

Following a 25% fall in national vehicle sales in 2009, sales recovered somewhat in 2010, rising 15% overall, but the market remained tight nonetheless.

At the same time competition dwindled further with the highly publicised exits of Allied Nationwide and South Canterbury Finance from the market.

The strength and security of being part of the Electra Group meant Oxford Finance was able to withdraw from the Government Guarantee when it was extended by the Government in November 2010, with the Electra Group continuing to offer its own guarantee in its place.

Being part of the much larger Electra Group also provided Oxford with an opportunity to leverage off the Group's financial strength to secure more favourable funding arrangements.

Instead of continuing to offer debt securities such as debentures to the public, we have accepted an alternative funding proposal from the BNZ to create a facility sufficient to make all repayments to investors as their current investments mature.

The decision to move away from offering debt securities was not taken lightly and we were extremely aware of the large group of loyal investors who have entrusted their investments with us for many years, some going back to the origins of the company 23 years ago.

However, the opportunity to significantly lower compliance costs and free up capital for further growth opportunities was the right decision to make from a commercial perspective.

Oxford Finance reported a positive result for the year ended 31 March 2011.

The company's commitment to providing excellent service was underlined by a customer satisfaction survey

Linework and Stones

The last year provided a huge challenge for Linework and Stones (LWS) with changes at the senior management level and a need to remain focussed in a highly competitive market. As was the case in 2009, the company looked to improve its overall results by diversifying its client base and the range of work undertaken.

LWS has continued to win new business and to deliver value to existing customers, reflecting the company's good reputation and commitment to service excellence. It is expected that further improvements in quality, safety and performance will enhance this reputation.

Providing expertise in the design, construction and maintenance of electrical reticulation systems remains a key part of the company's business, and Electra Limited is a major partner in this area.

LWS's long standing partnership with Electra continues to provide the business with an ongoing stream of work as the companies work together to improve the overall efficiency and reliability of the electricity network. Throughout the year, major projects undertaken included substation upgrades at Levin West and Raumati, and upgrades on the 33kV at Patiki network. In addition, two new substations were built at Otaihanga and Waikanae as part of On Track's regional rail upgrade project.

The company's commitment to providing excellent service was underlined by a customer satisfaction survey that found most customers rated the faults service on the Electra network as excellent.

Meanwhile, the relationship with Wellington Electricity continues to develop with significant substation upgrade work secured at Lombard Street and Victoria Street, Wellington as well as reconditioning work at the Ngauranga substation.

In April 2009 the company diversified its business by securing the contract to carry out all tree maintenance on the Electra network and the move was so successful that a second vegetation crew was added. These teams have had a major role to play in the increase in reliability on the Electra network over the last year.

The electrical contracting side of the business also continues to secure major contracts throughout the greater Wellington region.

Locally, the construction sector remained subdued with only 268 new building consents issued in the Kapiti and Horowhenua regions in 2010.

This has meant LWS has had to place considerable focus on finding alternative work and revenue streams to replace the reduced opportunities from the local property development and construction sectors.

Building on the success of 2009 where the company secured the contract to carry out maintenance work for the Housing Corporation, in 2010 LWS were selected to carry out a major refurbishment project for the Housing Corporation as part of the Government's Stimulus Package. This contract will see the company upgrading up to 400 homes over the next year.

Another major maintenance contract secured in 2010 was to carry out all street lighting maintenance on behalf of the Kapiti Coast District Council. Other projects included major refurbishment work at the Duxton Hotel, and new building at Levin New World, Wellington Free Ambulance, Kimi Ora Base School at Naenae College plus Waikanae and Paraparaumu train stations. The company also recently secured the electrical contract for the new Te Aro Towers apartment development in Wellington.

We remain committed to our people, with a high ratio of trainees and apprentices to tradespeople, ensuring the business is well placed for the future

As always, we remain committed to our people, with a high ratio of trainees and apprentices to tradespeople, ensuring the business is well placed for the future. Throughout the year a further six new apprentice electricians and one new trainee linesman were employed by the company.

A key strategy for the company is to focus on skill development and extending competencies across the business so that our people are qualified and skilled in a number of areas. This will position the company to take advantage of any opportunity that arises by being able to allocate resources as and where required.

DataCol NZ

In 2009, with DataCol's core electricity meter reading business facing the threat of smart metering technology, the company began a process of reinventing itself as a full data monitoring and management business.

The past year has seen considerable progress made in this area as the company repositions itself and looks for opportunities to expand the range of services it can offer.

The greatest success to date has been in the water meter reading market, a market the company wasn't involved with two and half years ago. In 2009 the company secured 60% of the Auckland water meter reading market and delivered significant results for Manukau Water and Metro Water, underpinned by a "best in class" service delivery standard that set a zero tolerance level for meter reading errors.

The creation of the Auckland Super City provided an opportunity to consolidate DataCol's share of the water meter reading service as seven entities were merged into a single Watercare business. As a result DataCol now undertake most of the meter readings for Watercare. Looking forward, opportunities exist to expand our range of services by handling water restriction services and backflow monitoring for Watercare.

The company is also pursuing other water meter reading opportunities with local authorities around the country.

Water is expected to become an increasingly valuable economic resource and this provides a significant opportunity in the area of the electronic monitoring and management of water usage. This has led the company to develop the "Data Collect" system, an electronic data collection system for agricultural use with a particular focus on irrigation. The unit can measure up to seven different inputs such as water flows, electricity use, and CO_2 emissions and has been pre-approved by ECan and can also run off its own solar power unit.

Technology provides significant growth potential with the company actively pursuing a number of opportunities for its patented specialist meter reading software and system, SevenX. At the beginning of this year the company entered into a contract to supply the SevenX software and system to Trustpower, and further opportunities exist to expand into the Australian market.

DataCol is also exploring opportunities to assist with the rollout of smart metering technology.

While the company faces a number of challenges as it repositions itself as a successful electronic data collection and management company, the greatest challenge in the last year has been following the tragic earthquakes in Christchurch. Having moved into new offices in November, the building was extensively damaged during the 22 February earthquake. Thankfully our 15 Christchurch-based staff and their families were unharmed, but it has been difficult to continue operations amongst the damage.

The company will be relocating to new Christchurch premises and is committed to keeping everyone employed. Fortunately, our people in our Wellington and Auckland offices have been able to ensure the business as usual activities continue and we have appreciated their efforts. Despite the challenges, Datacol continued to provide the same high level of service and support that they have become known for.

The greatest success to date has been in the water meter reading market

Sky Communications

Sky Communications is a full service telecommunications contractor, providing design, build and maintenance services to telecommunications operators and vendors in New Zealand, Australia and the Pacific Islands. Local clients include Telecom, Vodafone, 2Degrees, TelstraClear, Whoosh, Teamtalk, Visionstream, Huawei and the NZ Police, while offshore clients include Vodafone Australia, Optus, Digicel and Bemobile.

In New Zealand, Sky Communications employs around 100 staff and contractors, with offices in Whangarei, Auckland, Wellington and Christchurch.

In 2010 the company created a permanent Australian presence with the launch of Sky Communication Pty Limited, with 10 staff employed in offices in Melbourne and Sydney. The decision to set up an operation in Australia was driven by growing demand and substantial opportunities across the Tasman.

Apart from telecommunications contracting in New Zealand the company has been actively seeking alternative revenue streams.

One such opportunity has been the installation of 65 base stations and towers in the Solomon Islands for Bemobile, where 60 Sky Communications technicians built this network in just four weeks.

Securing the $3.5m contract to provide high quality "in building" coverage at the redeveloped Eden Park has established Sky Communications as a leader in this particular field - a significant result for the company as there is considerable intellectual property, and therefore value, in this field of expertise. The company's growing reputation in this area has seen it win a number of other contracts, including several hospitals.

The need for greater coverage in buildings has created a further opportunity for the company to diversify its business by selling cellular distribution products, such as antennae, and fibre optic products. As a result, the company has secured the rights to distribute both the ADC active cellular distribution and fibre optic products and the wider range of Tyco products.

Sky Communications has also focused on establishing an expertise in the area of outdoor fibre to position the company to participate in the Ultra Fast Broadband rollout, and we have been selected as a preferred supplier by Crown Fibre Holdings as a result. It is envisaged that a significant part of Sky Communications' business will be in fibre within five years.

By diversifying its business and seeking opportunities to enter value-add areas of the market, Sky Communications is well placed to continue to grow throughout 2011.

Securing the $3.5m contract to provide high quality "in building" coverage at the redeveloped Eden Park has established Sky Communications as a leader

Sky Communications is well placed to continue to grow throughout 2011

Five year performance highlights

Financial – Group

	2011	2010	NZ IFRS 2009	2008	2007
Total revenue ($000)	**$75,206**	$68,835	$63,400	$59,834	$45,000
Discount issued ($000) - (excludes provisions)	**$6,949**	$7,235	$7,080	$7,438	$8,887
Surplus (after tax) ($000) (excludes revaluation)	**$411**	$2,047	$1,838	$1,691	$1,611
Total assets ($000)	**$274,266**	$269,279	$190,063	$187,143	$167,970
Total shareholders funds ($000)	**$133,809**	$132,351	$81,252	$79,634	$76,593
Shareholders funds to total assets	**49%**	49%	43%	43%	46%
Net asset backing per share	**$5.46**	$5.41	$3.26	$3.19	$3.13

Network – Parent

	2011	2010	2009	2008	2007
GWh sold (GWh)	**410.7**	416.1	399.2	402.6	406.0
Loss ratio	**7.5%**	7.5%	7.3%	7.0%	6.2%
Load factor	**54%**	54%	55%	53%	50%
Maximum demand (MW)	**94**	94	90	97	98
Circuit kilometres (kms)	**2,580**	2,577	2,233	2,210	2,188
Supply area (sq kms)	**1,628**	1,628	1,628	1,628	1,628
Operating costs per kWh (cents)	**1.90**	1.99	2.22	1.64	1.45
Direct line costs per kilometre	**$2,057**	$2,298	$2,314	$1,745	$1,733

Consumers Information – Parent

	2011	2010	2009	2008	2007
Number of consumers	**42,483**	42,204	**41,761**	41,512	40,860
Average kWh sales per consumer	**9,667**	9,859	**9,561**	9,698	9,934
Operating costs per consumer	**$183**	$196	**$212**	$159	$144
Indirect line cost per consumer	**$55**	$52	**$70**	$66	$48
Discount issued per consumer (incl. GST) (Average)	**$184**	$193	**$191**	$200	$245

Reliability – Parent

	2011	2010	2009	2008	2007
System Average Interruption Duration Index (SAIDI)	**74.7**	161.2	88.7*	104.0	87.8
System Average Interruption Frequency Index (SAIFI)	**1.62**	3.05	1.55*	1.60	1.43
Consumer Average Interruption Duration Index (CAIDI)	**46.2**	52.9	57.2	64.8	61.4
Faults per 100km line (number)	**3.6**	3.7	7.6	5.8	5.8

* Excludes extreme events that occurred during the year. Including these events SAIDI and SAIFI would have been: SAIDI 683.1 and SAIFI 2.9

Personnel – Group

Number of employees	2011	2010	2009	2008	2007
Electra	**12**	12	12	12	11
Linework and Stones (LWS)	**101**	104	108	106	105
Oxford Finance	**23**	23	19	19	18
DataCol NZ	**44**	46	59	33	-
Sky Communications	**84**	76	-	-	-

In the Community

While our principal commitment to the community is to continue the Electra sales discount that is credited to our electricity consumers account each year, we also support the local business community in a number of other ways.

During 2010 we continued our association with the Electra Business Breakfasts, sponsoring 10 networking events in each of the Kapiti and Horowhenua areas throughout the year, providing local business owners with access to top quality business and Government speakers.

We sponsored the Annual Electra Business Awards once again, an event that has been running for 17 years now. The Awards are an important way of recognising businesses that are helping to drive economic growth in the region. Congratulations to Aura Software for winning the 2010 Electra Business of the Year Award, and to Levin New World for being highly commended by the Judges.

Investing in Our People

At the core of any good business are its people. Our ability to deliver a solid financial result in weak market conditions while maintaining the highest standards in safety and customer service is a testimony to the quality of our people.

Electra fosters a safety culture across the Group and amongst all our contractors. We are committed to providing our staff with access to training opportunities that will enable them to grow their skills while delivering genuine value to our organisation.

We pride ourselves on developing a diverse workforce equipped with the right blend of skills to take the company into the future.

Future Outlook

The Electra Group remains in a solid financial position, with a diversified asset and revenue base. From this position of strength we will continue to look for opportunities to grow and diversify our business, increase revenue streams and maximise the return we provide to our consumers through the Electra sales discount.

The Kapiti and Horowhenua regions are beginning to show signs of significant growth ahead with several large infrastructure projects attracting further investment to the region.

The recently completed regional rail network upgrade and upcoming redevelopment of Paraparaumu airport, coupled with the Government's commitment to both the rail electrification and Expressway Projects will position our region well for future growth.

We are already seeing signs of this potential with Air New Zealand confirmed to operate domestic flights between Paraparaumu and Auckland from October, and large retail and residential developments planned for the region over the coming years.

These developments will drive growth within the Kapiti and Horowhenua regions and create further opportunities for local business to thrive. Ensuring we can support this growth will require significant ongoing investment in the electricity network, and we are committed to delivering a reliable electricity supply that can meet the increased capacity needs of our region.

We believe there are many reasons to look to the future with renewed optimism. We look forward to working with the local community to ensure the best advantage is taken of the opportunities these projects will deliver.

Thank You

We would like to thank the management team for their leadership and commitment in delivering the latest financial result, the Directors for their ongoing support in a challenging year, and the entire Electra Group team for their continued dedication to delivering the best possible service to our consumers and customers alike.

Thanks also to our owners the Electra Trust and our customers and consumers for their confidence and ongoing business.

Patricia McKelvey
Chair

John Yeoman
CEO Electra Group

Directors Profiles

Patricia McKelvey – *Chair*

Patricia has enjoyed outstanding success in both the sporting and education areas. She has been a world-class cricketer and was Principal of Wellington High School for seven years. Her service to the community has been recognised with an MBE for services to Women's Cricket in 1981 and a CNZM for Education in 2005.

Patricia now has a number of professional board and committee roles, including Chair of the Correspondence School Board of Trustees, Deputy Chair of the Charities Commission and a member of the Victoria University Council. To these roles and her role at Electra, Patricia brings exceptional communication and Human Resource skills.

Patricia has been an Electra Director since 1993 and was appointed Chair in 2007.

Martin Devlin

Martin Devlin is Professor Emeritus at the College of Business, Massey University where he was Head of the Graduate School of Business for many years.His areas of expertise include Corporate Governance, Entrepreneurship, Innovation and Management.Martin had successful careers in the Army, manufacturing and merchant banking. His governance experience includes directorships in private, public and non-profit organisations, many of them well-known in New Zealand and overseas.

He is now a business consultant, a member of IoD and has been a director of Electra Ltd since 1997, chairing the Nominations Committee of the board.

Piers Hamid

Piers practised as a Chartered Accountant and Company Director in the Manawatu and Kapiti-Horowhenua regions from 1981 -2006. He has been a Financial Director and Management consultant and currently has his own consultancy business in Auckland.

His particular interest and expertise is in the area of SME business development over a wide range of industries including construction, transport, textiles and agribusiness.

Piers has been a Director of Electra since 1993 and was also an appointed member of the Mid-Central Health, Waikato District Health Boards for nine years, as well as being a Director of a number of private companies. He was appointed Chair of Oxford Finance Corporation Limited in October 2010.

Russell Longuet

Russell is Managing Director of Exergi Consulting Limited, an independent energy consultancy, focusing on Energy Sector risk management for large Industrials and Government liaison. Prior to that, he managed the Energy portfolio for Carter Holt Harvey.

Russell's background spans Electrical Engineering, Merchant Banking and Energy Consulting in New Zealand and overseas.

He is a member of the Institute of Directors, a Director of a public unlisted company and an ex-Director of the Energy Efficiency and Conservation Authority (EECA). He has been on a number of advisory groups to Government on electricity and gas markets.

Russell was appointed Director of Electra in 2008.

Neil Mackay

Neil has held a number of senior roles in a wide variety of industries in New Zealand and Overseas including power construction, manufacturing, sales and distribution, financial services and the public service. He was the inaugural Chief Executive of Industry New Zealand a crown entity which was one of the forefront agencies for economic development programmes and strategies.

Neil is now working as a director in Green Chip Ltd which is supporting innovative companies (primarily in emerging technologies) to scale up their business. He is also a director of two start-up companies and a trustee with the Kapiti Aquatic Trust and the Reforest Trust.

Neil was appointed Director of Electra in 2007 and Director of Oxford Finance Corporation in October 2010.

Ian Wilson

Ian is an experienced Company Manager and Director across a wide range of sectors. He has strong commercial, strategic and corporate governance strengths and has been involved with numerous acquisitions and mergers and organisational restructuring.

Ian has been a Director of companies in many parts of the world, and is presently a director of a number of New Zealand public and private companies. He has around fourteen years experience in the energy sector having held past directorships in various network and retail/generation companies notably, Progas Systems, ElectroPower, TrustPower, Central Power and Powerco. He is a Fellow of the Institute of Directors, an Associate of the NZ Institute of Management, was awarded the Massey University Medal in 2004 and made a Companion of the Queen's Service Order in 2006.

Shelly Mitchell – Jenkins

Shelly has been a Director of Colbert Cooper Limited, a chartered accountancy practice in Levin since 2001. Colbert Cooper Limited and Colbert Cooper Financial Services Limited provide compliance, business advisory and financial services to a wide range of small and medium businesses largely in the Horowhenua/Kapiti/Manawatu regions.

Her involvement in the Horowhenua community is as a Trustee of the Horowhenua Events Centre Trust, Life to the Max Horowhenua Trust, Levin Charitable Trust and Horowhenua Scholarship Trust and she is a past Chair of the Manawatu Branch of the New Zealand Institute of Chartered Accountants. Shelly was appointed to the Board of Oxford Finance Corporation Limited in October 2010.

Derek McCorkindale

Derek is a professional adviser to a number of financial institutions and brings considerable experience and analytical expertise with a risk management focus.

His background includes senior roles in the areas of financial and management accounting as well as corporate banking, risk management and structured finance for one of New Zealand's largest banks

Derek is a member of the New Zealand Institute of Chartered Accountants, the Institute of Directors, a director of the New Zealand Export Credit Office and a member of the International Alumni Council of the London Business School.

Derek was appointed as an independent director of Oxford Finance Corporation Limited in October 2010.

John Yeoman

John Yeoman is the Executive Director on the Oxford Finance Corporation Limited Board.

He is also the Chief Executive Officer for Electra Limited and its subsidiary companies. Since taking up this role in 2002 John has lead Electra's growth from an electricity network business to the diverse and successful group it is today.

He has extensive experience in management and business development in the New Zealand energy industry.

John is an Associate Chartered Accountant and is also a board member of the Electricity and Gas Complaints Commission and the Horowhenua Learning Centre.

Corporate Governance

Principles

The Directors recognise the need for the highest standards of corporate governance practice and ethical conduct by all directors and employees of Electra Limited and it's subsidiaries.

The Board embraces and endorses the principles embodied in the New Zealand Institute of Directors Code of Best Practice for New Zealand Directors.

The Directors recognise good governance is not merely a matter of achieving legislative compliance but ensuring that exemplary standards and behaviour are sustained. This involves the establishment and maintenance of a culture at board level and throughout the company to ensure that the Directors and employees deal fairly with others, with transparency and protect the interest of all stakeholders.

It is the objective of the Directors to ensure that all issues within the company are dealt with in a manner which will reinforce or enhance the reputation of the company and those involved.

The Board will ensure that the company is governed within the broader framework of corporate responsibility and regulatory oversight.

Role of Directors

The Directors are responsible to the Shareholder for the setting of strategies and objectives in accord with key policies adopted in the company's annual Statement of Corporate Intent.

It is their ongoing responsibility to monitor management's operation of the business.

They will direct management to develop appropriate structures, processes and plans necessary to achieve agreed objectives, and delegate to them the day to day operations in order that the plans are executed.

Risk Management

The Directors recognise their primary responsibility in identification, evaluation and mitigation (where possible) of all risks to the business.

They ensure that management has appropriate systems and controls in place to regularly review and assess these risks and adjust mitigation plans accordingly.

Board Operation

Operation of the Board is governed by the Constitution of the company, and the rules, procedures and guidelines adopted by the Board, and set out in its company handbook.

The Board oversees the development of annual and long term plans. It meets monthly to receive reports from management on progress against such plans, and reviews and approves changes to strategies where necessary.

Where more detailed or technical supervision is necessary the Board has delegated responsibilities to committees as appropriate. Currently the Board has committees for Audit, Risk and Insurance and Nominations. Each committee determines its own meeting timetable to meet the specific requirements of its work programme.

The directors meet regularly with the shareholding Trustees to report on achievement of corporate objectives and discuss matters relating to the operation of the company.

Conflicts of Interest

Directors are required to identify any potential conflicts of interest they may have in dealing with the Company's affairs. Where a conflict arises, a Director may still attend a Board meeting but may not take part in the debate or vote on any resolution in which they are interested.

DIRECTORS' Statutory Report

The Directors take pleasure in presenting their Report and financial statements of Electra Limited for the year ended 31 March 2011.

Principal activities

The Group's principal activities during the year were:

- to be a successful electricity line owner and operator maximising value for owners through competitive prices, quality and efficient operations
- to operate a successful electricity network construction and maintenance contracting business
- to invest in business activities and projects that add value to the Group

Group results and distributions

	2011 $000	2010 $000
Operating revenue	**75,206**	68,835
Discount to consumers	**(7,055)**	(7,208)
Group profit before tax for the financial year	**301**	2,710
Taxation	**110**	(676)
Net profit after taxation	**411**	2,047
Dividend	**(275)**	(235)
Other	**-**	239
Retained earnings brought forward	**63,643**	61,592
Retained earnings carried forward	**$63,779**	$63,643

Directors' interests

Directors have declared interests in transactions with the Company during the year as set out in note 24 of these financial statements.

Directors have no direct interest in equity securities issued by the Company. Directors may be beneficiaries of Electra Trust, which holds the shares in the Company for end-customers of the day.

Retirement of Directors

In accordance with the Constitution of the Company, Mr Martin Devlin and Mr Russell Longuet retire by rotation at the annual general meeting of the Company. Mr Martin Devlin and Mr Russell Longuet being eligible, offer themselves for re-election.

Use of Company information

During the year, the Board received no notices from Directors of the Company requesting use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

Auditor

Trevor Deed of Deloitte was appointed as Auditor on behalf of the Auditor General, in accordance with Section 45 of the Electricity Companies Act 1992.

For and on behalf of the Board

Patricia McKelvey
Director

Piers Hamid
Director

27 May 2011

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Statement of Comprehensive Income for the year ended 31 March 2011

	Note	Group		Parent	
		2011 $000	2010 $000	2011 $000	2010 $000
Continuing operations					
Sales and interest revenue		**75,206**	68,835	**29,715**	29,226
Dividends from subsidiaries		**-**	-	**1,844**	2,046
Total operating revenue	**2**	**75,206**	68,835	**32,448**	31,272
Discount to consumers		**(6,949)**	(7,235)	**(6,949)**	(7,235)
Less accrual adjustments		**(106)**	27	**(106)**	27
Finance expenses		**(6,105)**	(6,378)	**(2,753)**	(2,605)
Total expenses	**2**	**(74,905)**	(66,125)	**(32,104)**	(30,211)
Profit before taxation	2	**301**	2,710	**344**	1,061
Income tax (expense) / benefit	3	**110**	(676)	**881**	485
Profit for year from continuing operations		**411**	2,034	**1,225**	1,546
Discontinued operations					
Profit for the year from discontinued operations	13.2	-	**13**	**-**	**-**
Profit for the year		**411**	2,047	**1,225**	1,546
Other comprehensive income					
Asset revaluation		**-**	71,992	**-**	71,992
Loss on disposal of revalued assets		**(134)**	-	**(134)**	-
Income tax relating to components of other comprehensive income		**1,456**	(21,284)	**1,456**	(21,284)
Other comprehensive income for the year net of tax		**1,322**	50,708	**1,322**	50,708
Total comprehensive income for the year net of tax		**1,733**	52,755	**2,547**	52,254
Profit attributable to:					
Members of the parent entity		**411**	2,047	**1,225**	1,546
Total comprehensive income attributable to:					
Members of the parent entity		**1,733**	52,755	**2,547**	52,254

The notes on pages 27 to 62 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2011

GROUP	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Attributable to the owners of the parent $000	Non-controlling interest $000	Total $000
Balance at 1 April 2009		**19,660**	**-**	**60,173**	**79,833**	**1,419**	**81,252**
Profit for the period		-	-	2,047	2,047	-	2,047
Other comprehensive income for the year net of tax		-	50,708	-	50,708	-	50,708
Total comprehensive income		**-**	**50,708**	**2,047**	**52,755**	**-**	**52,755**
Capital issued		-	-	-	-	-	-
Dividend paid	20	-	-	(235)	(235)	-	(235)
Sale of subsidary		(1,660)	-	1,658	(2)	(1,419)	(1,421)
Balance at 31 March 2010		**18,000**	**50,708**	**63,643**	**132,351**	**-**	**132,351**

GROUP	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Attributable to the owners of the parent $000	Non-controlling interest $000	Total $000
Balance at 1 April 2010		**18,000**	**50,708**	**63,643**	**132,351**	**-**	**132,351**
Profit for the period		-	-	411	411	-	411
Other comprehensive income for the year net of tax		-	1,322	-	1,322	-	1,322
Total comprehensive income		**-**	**1,322**	**411**	**1,733**	**-**	**1,733**
Capital issued		-	-	-	-	-	-
Dividend paid	20	-	-	(275)	(275)	-	(275)
Balance at 31 March 2011		**18,000**	**52,030**	**63,779**	**133,809**	**-**	**133,809**

The notes on pages 27 to 62 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2011 continued

PARENT	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Total $000
Balance at 1 April 2009		**18,000**	**-**	**56,690**	**74,690**
Profit for the period		-	-	1,546	1,546
Other comprehensive income for the year net of tax		-	50,708	-	50,708
Total comprehensive income		**-**	**50,708**	**1,546**	**52,254**
Capital issued		-	-	-	-
Dividend paid	20	-	-	(236)	(236)
Asset revaluation reserve transferred to/from equity		-	-	-	-
Balance at 31 March 2010		**18,000**	**50,708**	**58,000**	**126,708**

PARENT	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Total $000
Balance at 1 April 2010		**18,000**	**50,708**	**58,000**	**126,708**
Profit for the period		-	-	1,225	1,225
Other comprehensive income for the year net of tax		-	-	-	-
Total comprehensive income		**-**	**-**	**1,225**	**1,225**
Capital issued		-	-	-	-
Dividend paid	20	-	-	(275)	(275)
Asset revaluation reserve transferred to/from equity		-	1,322	-	1,322
Balance at 31 March 2011		**18,000**	**52,030**	**58,950**	**128,980**

The notes on pages 27 to 62 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 27 May 2011.

For and on behalf of the Board

Patricia McKelvey	Piers Hamid
Director	Director
27 May 2011	

Statement of Financial Position as at 31 March 2011

	Note	Group		Parent	
		2011 $000	2010 $000	2011 $000	2010 $000
Equity					
Share capital	18	**18,000**	18,000	**18,000**	18,000
Retained earnings		**63,779**	63,643	**58,950**	58,000
Reserves	19	**52,030**	50,708	**52,030**	50,708
Total equity		**133,809**	132,351	**128,980**	126,708
Attributable to:					
Parent entity interest		**133,809**	132,351	**128,980**	126,708
Total equity		**133,809**	132,351	**128,980**	126,708
Non-current liabilities					
Borrowings	16	**-**	22,120	**-**	17,320
Deferred tax	3	**38,638**	41,003	**38,653**	41,436
Secured debenture stock - non-current	17	**17,393**	11,533	**-**	-
Provisions		**78**	55	**-**	-
Total non-current liabilities		**56,109**	74,711	**38,653**	58,756
Current liabilities					
Secured debenture stock - current	17	**33,156**	37,881	**-**	-
Current borrowings - other	16	**42,605**	17,576	**42,605**	17,445
Trade and other payables	15	**8,587**	6,760	**3,619**	3,118
Total current liabilities		**84,348**	62,217	**46,224**	20,563
Total equity and liabilities		**274,266**	269,279	**213,857**	206,027
Non-current assets					
Property, plant and equipment	12	**187,919**	188,315	**183,171**	184,535
Investments in subsidiaries	13	**-**	-	**20,447**	15,284
Goodwill	14	**12,212**	12,212	**1,412**	1,412
Intangible assets	14	**1,979**	2,084	**1,592**	1,616
Finance receivables – non-current	7	**23,020**	22,069	**-**	-
Total non-current assets		**225,130**	224,680	**206,622**	202,847
Current assets					
Cash and cash equivalents	23	**5,288**	3,407	**792**	728
Receivables and prepayments	6	**8,492**	7,046	**5,617**	2,289
Finance receivables - current	7	**29,427**	31,686	**-**	-
Property held for sale	8	**826**	163	**826**	163
Inventories	9	**525**	490	**-**	-
Work in progress	9	**4,578**	1,807	**-**	-
Total current assets		**49,136**	44,599	**7,235**	3,180
Total assets		**274,266**	269,279	**213,857**	206,027

The notes on pages 27 to 62 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2011

	Note	Group		Parent	
		2011	2010	2011	2010
		$000	$000	$000	$000
Cash flows from operating activities					
Cash was received from:					
Receipts from customers		**59,104**	55,527	**23,257**	21,460
Dividends received		**-**	-	**1,635**	2,046
Finance receivables - interest received		**6,753**	6,722	**-**	-
Proceeds from HP contracts and loan advances		**34,454**	34,520	**-**	-
Other interest received		**26**	142	**110**	86
		100,337	96,911	**25,002**	23,428
Cash was applied to:					
Payments to suppliers and employees		**(50,873)**	(46,949)	**(14,839)**	(17,693)
Secured debenture stock - interest paid		**(3,252)**	(3,389)	**-**	-
Finance loans advanced		**(34,951)**	(36,110)	**-**	-
Interest paid		**(2,823)**	(2,994)	**(2,724)**	(2,624)
Income tax paid	3	**(1,116)**	(1,618)	**(25)**	(367)
		(93,017)	91,060)	**(17,588)**	(20,714)
Net cash flows from operating activities	24	**7,320**	5,851	**7,414**	2,714
Cash flows to investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment and intangible assets		**87**	85	**41**	23
Sale of subsidiary		**-**	1,159	**-**	-
		87	1,244	**41**	23
Cash was applied to:					
Purchase of property, plant and equipment and intangible assets		**(8,571)**	(7,553)	**(6,136)**	(6,070)
Purchase of subsidiary		**(663)**	(6,304)	**(5,826)**	-
		(9,234)	(13,857)	**(11,962)**	(6,070)
Net cash flows to investing activities		**(9,147)**	(12,613)	**(11,921)**	(6,047)
Cash flows from financing activities					
Cash was provided from:					
Loans raised		**31,180**	45,403	**31,180**	40,498
Secured debenture stock issued		**13,045**	9,831	**-**	-
Advance from subsidiary		**-**	-	**3,250**	6,236
Loan repaid by subsidiary		**-**	-	**1,312**	1,819
		44,225	55,234	**35,742**	48,553
Cash was applied to:					
Advance to subsidiary		**-**	-	**(4,277)**	(2,169)
Repayment of debenture funds		**(11,909)**	(5,927)	**-**	-
Repayment of loans		**(28,333)**	(42,552)	**(26,619)**	(43,220)
Payment of dividends		**(275)**	(235)	**(275)**	(236)
		(40,517)	(48,714)	**(31,771)**	(45,625)
Net cash flows from financing activities		**3,708**	6,520	**4,571**	2,928
Net increase/(decrease) in cash and cash equivalents held		**1,881**	(242)	**64**	(405)
Add opening cash and cash equivalents brought forward		**3,407**	3,649	**728**	1,133
Ending cash and cash equivalents carried forward		**5,288**	3,407	**792**	728

The notes on pages 27 to 62 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2011

1. Summary of Significant Accounting Policies

1.1 Statement of compliance

Electra Limited ('The Company') is a profit-oriented Company incorporated in New Zealand.The Company has its head office in Levin. The Company operates primarily in the field of electricity distribution and as a holding Company for other investments.

The 'Group' for financial reporting purposes comprises:

Electra Limited, the parent Company, and its fully owned subsidiaries Linework and Stones Limited, Oxford Finance Corporation Limited, Electra Finance Limited, DataCol NZ Limited, Sky Communications Limited and Sky Communications Pty. Limited. Non-trading entities of the Group include – Oxford Finance Limited, Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited. The ultimate parent of the Group is the Electra Trust.

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Energy Companies Act 1992. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as are appropriate for profit-oriented entities.

The financial statements also comply with International Financial Reporting Standards (IFRS).

1.2 Basis of preparation

The financial statements have been prepared on the basis of historical and deemed cost except for the revaluation of certain non-current assets.

Separate accounting policies are outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

The financial statements have been prepared in New Zealand dollars (NZD), rounded to the nearest thousand, as both the functional and presentation currency.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1.3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 March 2011 that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are disclosed below.

The Company invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on an estimation of usage based on certain metering data from electricity retailers. As final wash-up metering data is not available for periods in excess of twelve months, it is possible that the final amounts payable or receivable may vary from that calculated.

Determining whether there has been impairment in relation to goodwill requires an assessment of the value in use of the cash generating assets with which the goodwill is associated. This is undertaken by estimating the future cashflows expected to arise and using a suitable discount rate to estimate the present value of the future cash flows. Refer to note 14.

A key area of estimation is the doubtful debt collective provision reflecting the non-performance of the counterparties to finance receivables. A degree of estimation has been required to determine the level of current risk inherent within the loan portfolio. This has been based on historical trend analysis and discounted future cash flow projections.

In carrying out the revaluation of the network distribution assets a number of assumptions and estimates were used where complete or accurate data was not available

Other areas where judgement has been exercised in preparing these financial statements are assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits.

1.4 Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1.4.1 Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the parent entity, and its subsidiaries as defined in NZ IAS 27: 'Consolidated and Separate Financial Statements'.

Subsidiaries

Subsidiaries are all those entities over which the Group has control.

The Group financial statements incorporate the financial statements of the entities that comprise the consolidated Group, being the parent Electra Limited and its subsidiaries, Linework and Stones Limited, Oxford Finance Corporation Limited, Electra Finance Limited, Datacol NZ Limited, Sky Communications Limited and Sky Communications Pty. Limited. Consistent accounting policies are used in the preparation and presentation of the consolidated financial statements. Non-trading entities include Oxford Finance Limited, Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the excess is credited to profit or loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control the subsidiary.

In preparing consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

The minority interest in the results and equity of subsidiaries is shown separately in the consolidated Statement of Comprehensive Income and Statement of Financial Position.

1.4.2 Goods and Services Tax (GST)

Revenues, expenses, cash flows and assets are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expenses. Cash flows in respect of payments to and receipts from the Inland Revenue Department are shown net in the Statement of Cash Flows.

1.4.3 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding GST, rebates and discounts (not excluding discount to consumers) and after eliminating sales within the Group.

Revenue is recognised as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised when an entity in the Group has delivered to the buyer the significant risks and rewards of ownership of the goods and services.

(ii) Distribution revenue

Distribution revenue is the electricity lines revenue. Electricity lines revenue is based on actual and assessed readings.

(iii) Contracting revenue

Contracting revenue is recognised by reference to the stage of completion at balance date measured by progress invoices calculated on the basis of the percentage of the contract completed compared to the total estimated cost.

(iv) Dividend revenue

Dividend revenue is recognised when the shareholders' right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues at the effective interest rate.

(vi) Lending fees

Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to interest over the life of the loan using the effective interest rate method.

(vii) Commission and other fees

Where fees are received on an ongoing basis and represent the recoupment of the costs of maintaining and administering existing loans, these fees are taken to income on an accrual basis as the service is provided.

(viii) Rental income

Rental income is recognised on an accrual basis in accord with the underlying rental agreement.

(ix) Administrative income

Administrative income written into contracts but not yet earned has been excluded from gross income.

(x) Unearned income

Unearned income is reflected as a reduction of finance receivables.

(xi) Transfer of assets from customers

Transfer of assets from customers relates to connection to the network and the revenue is recognised when the connection to the network is completed.

1.4.4 Income tax

Current tax is based on the net profit for the period adjusted for non-deductible expenditure and non-assessable income, plus any adjustments to income tax payable in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid or refundable.

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying values of the assets and liabilities and income and expenses in the consolidated financial statements and the corresponding tax bases of those items.

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

A deferred tax liability is not recognised in relation to any taxable temporary differences arising from goodwill or in relation to temporary differences arising from the initial recognition of assets or liabilities, which affect neither taxable income nor accounting profit. Similarly deferred tax liabilities are not recognised where temporary differences arise on acquisition of subsidiaries, associates and joint ventures where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets or liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company or Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the current or deferred tax is also recognised directly in equity or where it arises from the initial accounting for a business combination in which case it is taken into account in the determination of goodwill or excess.

1.4.5 Offsetting

Offsetting of assets and liabilities does not occur unless there is a legally enforceable right or it is expressly permitted by a standard.

1.4.6 Inventory and work in progress

Inventories predominantly comprise network system spares and materials and are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with direct overheads.

Net realisable value is the estimated amount the inventories are expected to realise in the ordinary course of business less an estimate of any costs to completion and applicable variable selling expenses.

1.4.7 Construction contracts

Revenue from contracts is recognised by reference to the recoverable costs incurred during the period plus the percentage of fees earned.

Where a loss is expected to occur, it is recognised immediately and is made for both work in progress completed to date and for future work on the contract.

1.4.8 Property, plant and equipment and depreciation

Land and buildings and the electricity distribution network are valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on an optimised depreciated replacement cost methodology. The fair values are recognised in these financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of the electricity distribution network is not materially different from fair value. Consideration is given as to whether the assets are impaired as detailed in note 1.4.9.

All other property, plant and equipment assets are accounted for at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. The cost of assets constructed by the Group includes the cost of materials and direct labour and an allowance for overheads.

Any revaluation increase arising on the revaluation of land and buildings and the electricity distribution network is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the electricity distribution network is charged as an expense in the Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation is provided on plant, property and equipment, including freehold buildings but excluding land.

Depreciation on revalued buildings and the electricity distribution system is charged to the Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Depreciation is calculated for buildings and electricity distribution assets so as to write off the cost of each asset over its expected useful life to its estimated residual value. Other property, plant and equipment items are depreciated so as to expense the cost of the assets over their useful lives.

The following rates are used in the calculation of depreciation:

Category		
Distribution plant and equipment		
(including buildings)	1% – 50%	straight line or
	10% - 25%	diminishing value
Other buildings at cost	2% - 36%	straight line
Other plant and equipment	7.8% - 50%	straight line or
	10% - 39.6%	diminishing value
Motor vehicles	10% - 33.3%	diminishing value

1.4.9 Impairment of assets

The Group reviews the carrying value of its tangible assets (primarily the electricity distribution network and investments) at balance date to determine whether there is any indication that the assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The Group considers that the electricity network represents a single cash generating unit for the purposes of impairment assessment, and the individual subsidiaries are cash generating units as they each derive their own cash flows.

Goodwill and other intangible assets are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

The recoverable amount is the higher of fair value (less the costs to sell) and value in use. In assessing value in use, the estimated future cash flows over a five year period are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. A growth rate of 2 per cent is assumed in all.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, then the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in Statement of Comprehensive Income immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4.10 Intangible assets

(i) Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and is not amortised but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Statement of Comprehensive Income and not subsequently reversed. Refer also to note 1.4.9.

(ii) Software

Computer software is capitalised as an intangible asset of finite life on the basis of the costs incurred to acquire and bring the software into service and it is amortised over its expected useful economic life. Usually this period does not exceed three years. Costs associated with improving and maintaining computer software programmes are recognised as expenses as incurred.

(iii) Easements

Easements obtained in relation to access, construction and maintenance of electricity distribution system assets are capitalised as assets to the extent of survey, legal and registration costs and any lump sum payments made to landowners in exchange for certain rights. Such easements are capitalised and amortised over the duration of the agreement.

1.4.11 Employee benefits

Provision is made for employee entitlements accruing in relation to wages and salaries, annual leave, long service leave, retiring gratuities and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits expected to be settled within the next 12 months are measured at the amounts expected to be paid when the obligations are settled. Provisions made in relation to employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees to the Group up to reporting date. In relation to retirement gratuities the present value calculations also provide for the probability of the employees completing employment to the point of entitlement (retirement).

Contributions to defined contribution superannuation schemes are expensed when incurred.

1.4.12 Financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

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

Financial assets and liabilities are not offset unless there is a legally enforceable right, or where required by a standard.

1.4.13 Financial assets

(i) Investments

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

(ii) Loans and receivables

Accounts receivable are initially measured at fair value and are subsequently recognised at amortised cost less impairment using the effective interest rate method. All known bad debts are written off during the financial year. Inter-group balances due from associates and subsidiaries are stated at amortised cost less impairment.

(iii) Finance receivables

Finance receivables, comprising hire purchase contracts, mortgage advances and dealer floorplans are initially measured at fair value at trade date and are subsequently measured at amortised cost under the effective interest rate method plus any directly attributable transaction costs, less impairment.

Finance receivables include 'impaired assets' comprising:

- 'Non-accrual loans' being loans where we do not expect to be able to collect all the amounts owing in terms of the contract.
- 'Assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.
- 'Restructured loans' are impaired assets for which the original contracted terms have been concessionally modified due to the counterparty's difficulties in complying with the original terms, the revised terms of the facility are not comparable with the terms of new facilities with comparable risks, and on which interest continues to be accrued at a rate which is equal to or greater than the Company's average cost of funds at the date of restructuring.
- 'Past due assets' are finance receivables where a counterparty has failed to make a payment when contractually due.
- '90 day past due assets' are finance receivables which have not been operated by the counterparty within the key terms of the agreement for at least 90 days but which are not impaired assets.

An impairment loss is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

(iv) Bad debts and doubtful debts provisioning

Finance receivables are written down, by way of a specific write-off or collective provision, to their expected net collectable amounts with the amount written off or provided recognised as an expense in the Statement of Comprehensive Income.

- Specific provisions: these are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The Company identifies impaired assets where the security has been repossessed and sold due to a breach of agreement.

Also where the security has become damaged or written off.

- Collective provisions: Loans that are not known to be impaired are grouped together according to their risk characteristics and are then assessed for objective evidence of impairment of the balance at reporting date. The appropriate collective provision is raised based on historical loss data and current available information for assets with similar risk characteristics. From analysis undertaken, this benchmark has been consistent with the historical level of bad debts experienced in these portfolios.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the Statement of Comprehensive Income.

1.4.14 Financial liabilities

(i) Payables

Trade payables and other accounts payable are recognised at fair value when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are subsequently recognised at amortised cost.

(ii) Borrowings and debentures

Borrowings are recorded initially at fair value net of any transaction costs. Borrowings are subsequently recognised at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method. Borrowings are classified as non-current liabilities where the Group holds an agreement with the lender which includes the right to settle the liability in an accounting period at least 12 months after the balance date.

Borrowing costs are expensed using the effective interest rate method. No borrowing costs have been capitalised.

(iii) Intercompany payables

These payables are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest rate method. In preparing the Group financial statements they are eliminated in full.

1.4.15 Foreign currency transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value is determined.

Exchange differences on foreign currency balances are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.4.16 Cash flows

Cash and cash equivalents comprise cash on hand, cash in banks (including bank overdrafts), demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Cash flows are inflows and outflows of cash and cash equivalents.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

1.4.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be reliably measured.

1.4.18 Funds management activities

The Group does not manage funds on behalf of other parties or engage in other fiduciary activities.

1.4.19 Operating leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term. There are no leases classified as finance leases.

1.4.20 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not amortised or depreciated.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

1.4.21 Changes in accounting policy

The same accounting policies, presentation and methods of computation have been followed in these financial statements as were applied in the preparation of the financial statements for the year ended 31 March 2010, except for the policy relating to the valuation of property, plant and equipment.

The Group has been impacted by changes to and/or adoption of the standards and interpretations described below:

1.5 Standards and interpretations in issue not yet adopted

At the date of authorisation there were a number of Standards and Interpretations that have been issued by the Accounting Standards Review Board, but are not yet effective. A list of the relevant standards is outlined below. These standards are not expected to have any impact on the Company but NZ IFRS 9 will impact the Group.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRIC 19 'Extinguishing Liabilities with Equity Instruments'	1 July 2010	31 March 2012
NZ IFRS 9 Financial Instruments	1 January 2013	31 March 2014
NZ IAS 24 'Related Parties Disclosures'	1 January 2011	31 March 2012
Amendment to NZ IAS 12 'Income Tax':- Deferred Tax: Recovery of Underlying Assets	1 January 2012	31 March 2013
Amendment to NZ IFRS 7 –'Financial Instruments': Disclosure-Transfers of Financial assets	1 July 2011	31 March 2013
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010	1 January 2011	31 March 2012
Amendments to NZ IFRS 7 – Appendix E	1April 2011	31 March 2013
Amendments to New Zealand Equivalents to International Financial Standards to Harmonize with International Financial Reporting Standards and Australian Accounting Standards	1 July 2011	31 March 2013
FRS 44 19 'New Zealand Additional Disclosures'	1 July 2011	31 March 2013

2. Net Profit Before Taxation

Operating revenue	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Sales - distribution	**29,605**	28,544	**29,605**	28,544
Sales - contracting	**35,575**	30,685	**-**	-
Interest revenue – lending	**7,177**	6,963	**-**	-
Interest revenue - impaired loans	**61**	91	**-**	-
Interest revenue - related parties	**-**	-	**97**	3
Interest revenue - bank deposits	**26**	101	**13**	83
Dividend revenue - subsidiaries	**-**	-	**1,844**	2,046
Other revenue	**2,762**	2,451	**889**	596
Total operating revenue	**75,206**	68,835	**32,448**	31,272

Net profit before taxation	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Net profit before taxation	**301**	2,710	**344**	1,061
After charging/(crediting)				
Auditors remuneration:				
Audit services	**182**	192	**70**	83
Other services	**68**	101	**35**	50
Bad debts	**1,832**	1,133	**97**	85
Change in provision for doubtful debts	**742**	295	**-**	12
Depreciation	**8,178**	5,127	**7,067**	4,352
Intangible assets amortisation	**210**	220	**104**	85
Goodwill impairment	**-**	-	**-**	-
Directors' fees	**281**	206	**242**	206
Defined contribution plan expense	**251**	249	**50**	51
Employee costs	**17,860**	13,872	**1,392**	1,375
Interest - related parties	**-**	-	**29**	44
Interest - Oxford Finance Corporation Limited - debtors	**3,252**	3,400	**-**	-
Interest - bank borrowing	**2,853**	2,978	**2,724**	2,561
Investment impairment	**-**	-	**-**	-
Loss on sale of property, plant and equipment	**213**	670	**178**	681
Inventory expense	**6,888**	4,115	**-**	-
Rental and lease costs	**1,017**	1,112	**20**	32
Repairs and maintenance	**82**	1,575	**4,092**	4,688
Vehicle	**1,154**	1,018	**49**	62
Contractors	**7,963**	8,624	**-**	-
Discount to consumers	**7,055**	7,208	**7,055**	7,208
Other expenses	**14,824**	14,030	**8,900**	8,636
Total expenses	**74,905**	66,125	**32,104**	30,211

Consumer sales discount

A total of $6.9m plus GST (excluding provisions) was credited to consumers during the year to 31 March 2011 ($7.2m plus GST during the year to 31 March 2010).

3. Taxation

The income taxation expense on pre-tax accounting profit reconciles to the income tax expense as follows:

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Operating surplus before income taxation	**301**	2,710	**344**	1,061
Income taxation on the surplus for the period at 30% (2009:30%)	**90**	813	**103**	318
Taxation effect of				
Permanent differences	**227**	54	**(449)**	(622)
Prior period adjustment	**(106)**	(191)	**(48)**	(181)
Adjustment for change in tax rate from 33% to 30% effective 1 April 2009	**(1,344)**	-	**(1,345)**	-
Change in tax law	**1,023**	-	**858**	-
Taxation expense/(benefit)	**(110)**	676	**(881)**	(485)
Taxation expense comprises of:				
Current tax expense/(benefit)	**799**	1,078	**446**	(111)
Deferred tax (benefit)	**(588)**	(402)	**(840)**	(374)
Change in tax rate	**(321)**	-	**(487)**	-
Total	**(110)**	676	**(881)**	(485)

Deferred tax

Group 31 March 2011	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	356	(462)	-	-	7	(99)
Doubtful debts and impairment	354	224	-	-	(38)	540
Property, plant and equipment	(41,713)	826	1,456	-	352	(39,079)
	(41,003)	**588**	**1,456**	**-**	**321**	**(38,638)**

Group 31 March 2010	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	298	58	-	-	-	356
Doubtful debts and impairment	299	55	-	-	-	354
Property, plant and equipment	(20,718)	289	(21,284)	-	-	(41,713)
	(20,121)	**402**	**(21,284)**	**-**	**-**	**(41,003)**

Parent 31 March 2011	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	29	8	-	-	(3)	34
Doubtful debts and impairment	16	-	-	-	(1)	15
Property, plant and equipment	(41,481)	832	1,456	-	491	(38,702)
	(41,436)	**840**	**1,456**	**-**	**487**	**(38,653)**

Parent 31 March 2010	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	80	(51)	-	-	-	29
Doubtful debts and impairment	12	4	-	-	-	16
Property, plant and equipment	(20,618)	421	(21,284)	-	-	(41,481)
	(20,526)	**374**	**(21,284)**	**-**	**-**	**(41,436)**

The tax rate used in the above reconciliation of deferred tax for all adjustments that will reverse after 1 April 2010 is the corporate tax rate of 28% payable by New Zealand corporate entities on taxable profits under New Zealand tax law (which will apply from the 2012 income year, commencing 1 April 2011 for the Company).

Imputation credit account

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Opening balance	**6,102**	4,349	**4,260**	3,071
Imputation credits attached to dividends received/(paid)	**-**	-	**790**	755
Payments during the year	**1,116**	1,706	**25**	399
Other	**(202)**	47	**(93)**	35
Closing balance	**7,016**	6,102	**4,982**	4,260

4. Rental and Leases

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
No later than one year	**1,054**	815	**4**	4
Later than one year and not later than five years	**1,903**	1,093	**-**	-
Greater than five years	**245**	188	**-**	-
	3,202	2,096	**4**	4

These are of a rental nature and are on normal commercial terms and conditions. The majority of the lease commitments are for building accommodation. The remainder relate to vehicles and equipment. There are no contingent rents payable and all leases are subject to renewals at the election of Electra.

5. Remuneration of Auditors'

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Audit of the financial statements	**182**	192	**70**	83
Audit related services or review of the financial statements not reported above	**34**	65	**12**	25
Taxation services	**34**	36	**23**	25
	250	293	**105**	133

The auditor of Electra Limited and its subsidiaries is Trevor Deed of Deloitte on behalf of the Auditor-General.

Audit related services comprise the review of Electra Limited's regulatory disclosures in accordance with the Electricity (Information Disclosure) Requirements and the Threshold Compliance Statement under Part 4A of the Commerce Act 1986 and amendment notices.

Taxation services include a charge for providing taxation advice, compliance assistance and preparation of taxation returns.

6. Receivables and Prepayments

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Trade receivables	**8,312**	6,403	**1,870**	1,398
Intercompany receivable	**-**	-	**3,733**	477
GST receivable	**68**	444	**42**	444
Prepayments	**279**	261	**24**	22
	8,659	7,108	**5,669**	2,341
Less provision for doubtful debts	**(167)**	(62)	**(52)**	(52)
	8,492	7,046	**5,617**	2,289

There are no significant concentrations of credit risk within trade receivables.

7. Finance Receivables

Finance lending is provided to clients in the form of HP contracts, mortgages and dealer floorplans.

	Group	
	2011	**2010**
	$000	**$000**
Finance receivables	**54,256**	54,923
Less provision for unearned interest	**(48)**	(50)
Total	**54,208**	54,873
Less provision for doubtful debts	**(1,761)**	(1,118)
Total finance receivables	**52,447**	53,755

Due for repayment	Group	
	2011	**2010**
	$000	**$000**
Within one year	**31,188**	32,804
Less provision for doubtful debts	**(1,761)**	(1,118)
Net within one year	**29,427**	31,686
Between one and two years	**14,707**	14,169
Over two years	**8,313**	7,900
Total	**52,447**	53,755

8. Property Held for Sale

	Group		Parent	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
27 Bristol Street, Levin	**163**	163	**163**	163
26 Koromiko Road, Te Aro	**663**	-	**663**	-
	826	163	**826**	163

The properties are available for sale and are listed with local Real Estate Agents. Any sale will be at the market value determined at the time of sale. The above valuations are the lower of cost and expected market value at balance date.

9. Inventories and Work in Progress

	Group	
	2011	**2010**
	$000	**$000**
Inventory	**525**	490
Work in progress	**4,578**	1,807
	5,103	2,297

10. Financial Instruments

For specifics relating to Oxford Finance Corporation Limited, refer to note 11.

Credit risk

Credit risk is the potential that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing loss.

Financial assets which potentially subject the Group to credit risk principally consist of bank balances, accounts receivable and in the case of the Company, advances to subsidiaries and the guarantee it has made in regard to the deposits of Oxford Finance Corporation Limited which the Company and Group consider is covered within the general liquidity management.

The Company and the Group manages their principal credit risk by having Use of System Agreements with its major customers to maintain a minimum credit rating of BBB or better and performing credit evaluations on customers requiring advances.

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

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Not past due	**6,137**	5,372	**5,910**	2,699
Past due 0 – 30 days	**1,325**	526	**(91)**	(1,033)
Past due 31- 60 days	**114**	101	**(311)**	17
Past due more than 60 days	**736**	404	**95**	192
	8,312	6,403	**5,603**	1,875

The above maximum exposures are net of any recognised provision for losses on these financial assets. No collateral is held on the above amounts.

The levels of potential credit exposure resulting from the Company's guarantees for subsidiary funding are as follows:

Guarantees for Subsidiary funding	Company	
	2011 $000	**2010 $000**
Bank funding	**unlimited**	10,299
Oxford Debenture Guarantee	**50,549**	49,344
	50,549	59,643

Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings.

Concentrations of credit risk

The Company has exposure to concentration of credit risk by having nine line customers. This is managed as mentioned above through the Use of System Agreements.

Foreign currency risk

The Company and Group have no material exposure to foreign exchange risk.

Interest rate risk

Liabilities

The interest rate risk exposure is limited to bank borrowings and Secured Debenture Stock. The Group has no interest hedge contracts.

Fair values

The carrying amounts recorded in the Statement of Financial Position are considered to be their fair values for all classes of financial instruments with the exception of bank borrowings, investments in subsidiaries and amounts which are not able to be determined because there is no available market data.

Financial Instrument Carrying Values by Category – Group

As at 31 March 2011 ($000)	Interest Rate %	Total	0-12 Mths	1-2 Years	2-5 Years	Over 5 Years
Financial assets						
Cash and cash equivalents	2.97	5,288	5,288	-	-	-
Trade receivables	-	8,312	8,312	-	-	-
Financial receivables	14.30	52,447	29,427	14,707	8,077	236
Total financial assets at amortised cost		**66,047**	**43,027**	**14,707**	**8,077**	**236**
Financial liabilities						
Trade and other payables	-	8,517	8,517	-	-	-
Secured debenture stock	6.29	50,549	33,156	13,923	3,470	-
Debt finance	7.35	42,605	42,605	-	-	-
Total financial liabilities at amortised cost		**101,671**	**84,278**	**13,923**	**3,470**	**-**

As at 31 March 2010 ($000)	Interest Rate %	Total	0-12 Mths	1-2 Years	2-5 Years	Over 5 Years
Financial assets						
Cash and cash equivalents	3.0	3,407	3,407	-	-	-
Trade receivables	-	6,403	6,403	-	-	-
Financial receivables	14.18	53,755	31,686	14,169	7,484	416
Total financial assets at amortised cost		**63,565**	**41,496**	**14,169**	**7,484**	**416**
Financial liabilities						
Trade and other payables	-	6,760	6,760	-	-	-
Secured debenture stock	6.53	49,414	37,881	7,553	3,980	-
Debt finance	7.83	39,696	17,576	4,320	17,800	-
Total financial liabilities at amortised cost		**95,870**	**62,217**	**11,873**	**21,780**	**-**

Financial Instrument Carrying Values by Category – Parent

As at 31 March 2011 ($000)	Interest Rate %	Total	0-12 Mths	1-2 Years	2-5 Years	Over 5 Years
Financial assets						
Cash and cash equivalents	3.0	792	792	-	-	-
Trade receivables	-	1,870	1,870	-	-	-
Intercompany receivables	5.0	3,733	3,733	-	-	-
Receivables - other	-	42	42	-	-	-
Total financial assets at amortised cost		**6,437**	**6,437**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	2,638	2,638	-	-	-
Intercompany payables	5.0	981	981	-	-	-
Debt finance	6.53	42,605	42,605	-	-	-
Intercompany loans	-	-	-	-	-	-
Total financial liabilities at amortised cost		**46,224**	**46,224**	**-**	**-**	**-**

Financial Instrument Carrying Values by Category – Parent

As at 31 March 2010 ($000)	Interest Rate %	Total	0-12 Mths	1-2 Years	2-5 Years	Over 5 Years
Financial assets						
Cash and cash equivalents	3.0	728	728	-	-	-
Trade receivables	-	1,454	1,454	-	-	-
Intercompany receivables	5.0	421	421	-	-	-
Receivables - other	-	444	444	-	-	-
Total financial assets at amortised cost		**3,047**	**3,047**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	2,454	2,454	-	-	-
Intercompany payables	5.0	806	806	-	-	-
Debt finance	8.03	33,146	15,826	4,320	13,000	-
Intercompany loans	5.0	1,619	1,619	-	-	-
Total financial liabilities at amortised cost		**38,025**	**20,705**	**4,320**	**13,000**	**-**

Liquidity risk

Liquidity risk represents the risk that the Group may not have the financial ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. Facilities of $32.3m exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity

Contractual Maturity Analysis
Financial Instrument Maturity Values by Category - Group

As at 31 March 2011	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Cash and cash equivalents	2.97	5,288	5,288	-	-	-	-	-	-	-
Trade and other receivables	-	8,312	-	8,312	-	-	-	-	-	-
Finance receivables	14.30	61,512	-	24,218	11,838	16,923	6,558	1,311	372	292
Total financial assets		**75,112**	**5,288**	**32,530**	**11,838**	**16,923**	**6,558**	**1,311**	**372**	**292**
Financial liabilities										
Trade and other payables	-	5,586	-	5,586	-	-	-	-	-	-
Secured debenture stock	6.29	51,899	3,215	17,570	12,910	14,554	3,413	167	70	-
Debt finance	6.53	42,605	-	42,605	-	-	-	-	-	-
Total financial liabilities		**100,090**	**3,215**	**65,761**	**12,910**	**14,554**	**3,413**	**167**	**70**	**-**

As at 31 March 2010	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Cash and cash equivalents	3.0	3,407	3,407	-	-	-	-	-	-	-
Trade and other receivables	-	6,403	-	6,403	-	-	-	-	-	-
Finance receivables	14.18	62,394	-	25,801	11,936	16,059	6,560	1,128	352	558
Total financial assets		**72,204**	**3,407**	**32,204**	**11,936**	**16,059**	**6,560**	**1,128**	**352**	**558**
Financial liabilities										
Trade and other payables	-	5,446	-	5,446	-	-	-	-	-	-
Secured debenture stock	6.53	50,636	4,084	19,329	15,012	7,940	4,008	263	-	-
Debt finance	7.83	49,580	-	12,678	7,848	1,419	5,915	10,710	8,011	2,999
Total financial liabilities		**105,662**	**4,084**	**37,453**	**22,860**	**9,359**	**9,923**	**10,973**	**8,011**	**2,999**

Financial Instrument Maturity Values by Category - Parent

As at 31 March 2011	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Cash and cash equivalents	3.0	792	792	-	-	-	-	-	-	-
Trade and other receivables	-	1,870	-	1,870	-	-	-	-	-	-
Intercompany receivables	5.0	3,733	-	3,733	-	-	-	-	-	-
Total financial assets		**6,395**	**792**	**5,603**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	3,619	-	3,619	-	-	-	-	-	-
Debt finance	6.53	49,401	-	49,401	-	-	-	-	-	-
Total financial liabilities		**53,020**	**-**	**53,020**	**-**	**-**	**-**	**-**	**-**	**-**

As at 31 March 2010	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Cash and cash equivalents	3.0	728	728	-	-	-	-	-	-	-
Trade and other receivables	-	1,889	-	1,889	-	-	-	-	-	-
Intercompany receivables	5.0	421	-	21	400	-	-	-	-	-
Total financial assets		**3,038**	**728**	**1,910**	**400**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	3,260	-	3,260	-	-	-	-	-	-
Debt finance	8.03	41,513	-	10,786	7,625	1,196	5,692	7,957	5,258	2,999
Total financial liabilities		**44,773**	**-**	**14,046**	**7,625**	**1,196**	**5,692**	**7,957**	**5,258**	**2,999**

Capital management

The Group's capital includes share capital and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is subject to the following capital requirements and covenants:

(a) The Statement of Corporate Intent imposes a restriction that the Parent will maintain shareholder funds at not less than 40% (2010:40%) of total assets.

(b) Bank Covenants:

(i) Ratio of EBIT (Group earnings before interest, taxation and customer discounts) to interest paid to be no less than 2.25 times

(ii) Annual accounts to be provided within 120 days of balance date

(iii) Half yearly accounts to be provided within 120 days of period end

(iv) Cash flow forecast for ensuing year to be provided to the bank annually within one month of end of year balance date and upon revision

(v) Group equity to be maintained at no less than 35% of total tangible assets at all times

(c) Oxford Finance is subject to further covenant as detailed in the following note.

On 31 March 2011 the Group was in breach of the bank covenant (i) above. The Group's bank has advised that they will continue to make funds available to the Group for the next 12 months subject to the Group meeting all bank covenant requirements stipulated during the period.

The Group has complied with all other covenants.

11. Financial Instruments – (Oxford Finance Corporation Limited)

Management policies

Interest rate risks are monitored on a regular basis and advice taken on likely trends. The Company's policy is to match interest rate risk, and interest rate exposures are reported to and reviewed regularly by the Board of Directors.

Credit risk

The nature of the Company's activities as a finance institution necessitates the Company dealing in financial instruments that contain an inherent element of credit risk.

Financial instruments which potentially subject the Company to credit risk principally consist of hire purchase contracts, mortgage advances, dealer floorplans and bank deposits.

For all customers requiring advances and hire purchase loans the Company performs credit evaluations. The approval process considers a number of factors including: borrower's past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through motor vehicle dealer clients. Dealer floorplans are secured by first charges taken over vehicle stock. All other motor vehicle lending is secured by first charges over vehicle stock. Exposure to land and buildings are secured by way of mortgage over the property.

Maximum exposures to credit risk as at balance date are:

	2011 $000	2010 $000
Cash and cash equivalents	**3,674**	1,898
Finance receivables	**53,370**	53,816
Trade and other receivables	**109**	35
Other credit risk	**684**	1,404
Total exposure to credit risk	**57,837**	57,153
Amounts neither past due nor impaired:		
Cash and cash equivalents	**3,674**	1,898
Finance receivables	**51,572**	49,871
Trade and other receivables	**109**	35
Other credit risk	**684**	1,404
Total	**56,039**	53,208

The above maximum exposures are net of any recognised provision for doubtful debts in these financial statements. Other credit exposures represent the other commercial loan commitments waiting for drawdown and all undrawn floorplan exposures.

Sensitivity analysis

In managing interest rate risk the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. The impact on profit of future funding interest rate changes would be mitigated by increasing the rates charged to borrowers.

The principal exposure to rate increases is for 'on call' investments whereby the increases can not be passed immediately on to borrowers. This exposure is managed by the Company having policies limiting the percentage of 'on call' funds to total funding under 10%. At 31 March 2011 on call funds were 6.40% (31 March 2010: 8.30%).

Potential impact of interest rate change:

If either the funding or lending rate increased but with no corresponding increase in either funding or the lending rates the impact on profit and equity would be as follows:

Funding	**Profit and Equity Impact per annum**	**2011 $000**	**2010 $000**
Increase 1%	Decrease	**(505)**	(494)
Decrease 1%	Increase	**505**	494
Lending			
Increase 1%	Increase	**552**	550
Decrease 1%	Decrease	**(552)**	(550)

Fair values

Carrying amount and fair value

	As at 31 March 2011 Carrying Value $000	Fair Value $000
Cash and cash equivalents	**3,674**	**3,674**
Hire purchase and mortgage advances	**52,274**	**54,044**
Dealer floorplans	**1,096**	**1,096**
Total finance receivables	**53,370**	**55,140**
Secured debenture stock	**(50,549)**	**(49,969)**
Other liabilities	**(307)**	**(307)**
Total finance liabilities	**(50,856)**	**(50,275)**

	As at 31 March 2010 Carrying Value $000	Fair Value $000
Cash and cash equivalents	1,898	1,898
Hire purchase and mortgage advances	52,651	52,602
Dealer floorplans	1,165	1,165
Total finance receivables	**53,816**	**53,767**
Secured debenture stock	(49,414)	(49,193)
Bank Loans	(309)	(309)
Total finance liabilities	**(49,723)**	**(49,502)**

The fair value of trade and other payables and other receivables approximate their fair value due to the short term nature of the financial instrument.

The fair value of loans and advances are calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the financial assets. Discount rates applied in this calculation are based on current market interest rates for loans and advances with similar credit profiles. At 31 March 2011 the discount rate used for loans and advances was 16.95% (31 March 2010: 16.95%).

The fair value of all financial liabilities is calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the instruments. The discount rate applied in this calculation is based on current market rates of 4.25% to 9.25% (31 March 2010: 2.75% to 8.5%).

The Company is not involved in any off balance sheet financial instruments.

Financial assets and liabilities by classification

	2011 $000	**2010 $000**
Loans and receivables		
Cash and cash equivalents	3,674	1,898
Finance receivables	53,370	53,816
Trade and other receivables	109	35
Total loans and receivables	**57,153**	55,749
Financial liabilities held at amortised cost		
Trade and other payables	(307)	(309)
Secured debenture stock	(50,549)	(49,414)
Total financial liabilities held at amortised cost	**(50,856)**	(49,723)

Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual repricing whichever is the earlier.

Interest rate risk is the risk that the value of Oxford's assets and liabilities will fluctuate due to changes in market interest rates. Oxford is exposed to interest rate risk by lending and borrowing at fixed interest rates for differing terms. The Company manages this risk by matching, as far as possible, maturities on funding facilities with maturities on finance receivables.

Financial Instrument Carrying Values by Category

As at 31 March 2011	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	109	-	109	-	-	-	-	-	-
Cash and cash equivalents	2.97	3,674	3,674	-	-	-	-	-	-	-
Finance receivables	14.30	53,370	-	20,038	10,312	14,707	6,477	1,298	302	236
Total financial assets		**57,153**	**3,674**	**20,147**	**10,312**	**14,707**	**6,477**	**1,298**	**302**	**236**
Financial liabilities										
Trade and other payables	-	307	-	307	-	-	-	-	-	-
Secured debenture stock	6.29	50,549	3,215	17,381	12,560	13,923	3,238	166	66	-
Total financial liabilities		**50,856**	**3,215**	**17,688**	**12,560**	**13,923**	**3,238**	**166**	**66**	**-**

As at 31 March 2010	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	35	-	35	-	-	-	-	-	-
Cash and cash equivalents	3.12	1,898	1,898	-	-	-	-	-	-	-
Finance receivables	14.18	53,816	-	22,591	9,156	14,169	6,041	1,113	330	416
Total financial assets		**55,749**	**1,898**	**22,626**	**9,156**	**14,169**	**6,041**	**1,113**	**330**	**416**
Financial liabilities										
Trade and other payables	-	309	-	309	-	-	-	-	-	-
Secured debenture stock	6.53	49,414	4,084	19,168	14,629	7,553	3,735	245	-	-
Total financial liabilities		**49,723**	**4,084**	**19,477**	**14,629**	**7,553**	**3,735**	**245**	**-**	**-**

The balances in the table above are net of any recognised provision for losses in these financial statements.

Liquidity risk

Liquidity risk is the potential for the Company to encounter difficulty meeting its financial obligations as they fall due. Policies are in place to manage liquidity on a day to day basis based on contractual maturities. The following table outlines undiscounted cash flows based on contractual maturities, however actual repayments may differ. While most commercial loans are showing in the table with contractual maturities of 0 – 6 months it is expected some of these will be rolled over at the discretion of the Board.

Contractual Maturity Analysis

As at 31 March 2011	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	109	-	109	-	-	-	-	-	-
Cash and cash equivalents	2.97	3,674	3,674	-	-	-	-	-	-	-
Finance receivables	14.30	62,435	-	24,218	12,761	16,923	6,558	1,311	372	292
Total financial assets		**66,218**	**3674**	**24,327**	**12,761**	**16,923**	**6,558**	**1,311**	**372**	**292**
Financial liabilities										
Trade and other payables	-	307	-	307	-	-	-	-	-	-
Secured debenture stock	6.29	51,899	3,215	17,570	12,910	14,554	3,413	167	70	-
Financial commitments	-	684	-	684	-	-	-	-	-	-
Total financial liabilities		**52,890**	**3,215**	**18,561**	**12,910**	**14,554**	**3,413**	**167**	**70**	**-**

As at 31 March 2010	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	35	-	35	-	-	-	-	-	-
Cash and cash equivalents	3.12	1,898	1,898	-	-	-	-	-	-	-
Finance receivables	14.18	62,455	-	25,862	11,936	16,059	6,560	1,128	352	558
Total financial assets		**64,388**	**1,898**	**25,897**	**11,936**	**16,059**	**6,560**	**1,128**	**352**	**558**
Financial liabilities										
BNZ loan	-	309	-	309	-	-	-	-	-	-
Secured debenture stock	6.53	50,636	4,084	19,329	15,012	7,940	4,008	263	-	-
Financial commitments	-	1,405	-	1,405	-	-	-	-	-	-
Total financial liabilities		**52,350**	**4,084**	**21,043**	**15,012**	**7,940**	**4,008**	**263**	**-**	**-**

The Company policy for managing liquidity is to structure its investment rates offered to attract investment funds for periods that match the contractual lending maturity portfolio as displayed in the above tables.

The Company is subject to cashflow liquidity risk by borrowing funds on floating interest rates.

In order to provide additional liquidity the Company has negotiated a committed cash facility to borrow up to $2m from the Bank of New Zealand. As at 31 March 2011 Nil had been drawn down (31 March 2010: Nil).This facility is secured by way of a general security agreement over Electra Limited assets.

In addition the Company has the ability to borrow up to $5m from Electra Limited through their committed cash facility with the Bank of New Zealand. The facility is secured by way of a general security agreement over Electra Limited assets. As at 31 March 2011 the facility had not been utilised (31 March 2010: Nil).

Debenture renewal rates have been consistent throughout the year at approximately 87.09%.

Overdues

The finance receivable balance includes Impaired Assets comprising as follows:

As at 31 March 2011	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of year	868	3,094	3,962
Additions of individually impaired assets	596	1,253	1,849
Reduction of individually impaired assets	(227)	(1,472)	(1,699)
Bad debts written off during the year	(543)	(1,069)	(1,612)
Closing carrying value	**694**	**1,806**	**2,500**
Less:			
Provision for doubtful debts – opening	(266)	(620)	(886)
Bad debts written off during the year	249	534	783
Additions to impaired assets	(227)	(1,049)	(1,276)
Reductions to individually impaired assets	86	-	86
Provision for doubtful debts – closing	(158)	(1,135)	(1,293)
Closing carrying value – net of provision	**536**	**671**	**1,207**

As at 31 March 2010	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired			
Carrying value at beginning of year	883	-	883
Proceeds of sale of security	(44)	-	(44)
Additions of individually impaired assets	698	3,529	4,227
Reduction of individually impaired assets	(187)	-	(187)
Bad debts written off during the year	(482)	(435)	(917)
Closing carrying value	**868**	**3,094**	**3,962**
Less:			
Provision for doubtful debts – opening	(366)	(233)	(599)
Bad debts written off during the year	106	435	541
Additions to impaired assets	(181)	(880)	(1,061)
Reductions to individually impaired assets	175	58	233
Provision for doubtful debts – closing	(266)	(620)	(886)
Closing carrying value – net of provision	**602**	**(2,474)**	**3,076**

Assets are identified as impaired in accordance with the accounting policy. Some loans have been identified as impaired at balance date, but the security has yet to be sold. Once the security is seized the Company's policy is to issue notices (under the Credit Contracts Act) and at the expiration of those notices put the security up for sale. Seized securities are not used in the Company's day to day operations.

The finance receivable balance includes Restructured Loans comprising:

As at 31 March 2011	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Restructured Loans			
Carrying value at beginning of period	325	-	325
Additions to restructured loans	66	-	66
Repayment of restructured loans	(211)	-	(211)
Closing carrying value	**180**	**-**	**180**

As at 31 March 2010	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Restructured Loans			
Carrying value at beginning of period	313	-	313
Additions to restructured loans	228	-	228
Repayment of restructured loans	(216)	-	(216)
Closing carrying value	**325**	**-**	**325**

The finance receivable balance also includes 90+ days Past Due Assets comprising:

As at 31 March 2011	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Past Due Assets (90+days)			
Carrying value at beginning of period	624	-	624
Bad debts written off during the period	(22)	-	(22)
Additions to past due assets	344	-	344
Repayment of past due assets	(323)	-	(323)
Transfer to impaired assets	(161)	-	(161)
Closing carrying value	**462**	**-**	**462**
Less:			
Carrying value at beginning of period	(80)	-	(80)
Transfer to collective provision	11	-	11
Bad debts written off during the period	2	-	2
Additions to past due assets	(38)	-	(38)
Repayment of past due assets	36	-	36
Transfer to impaired loans	18	-	18
Provision for doubtful debts – closing	(51)	-	(51)
Closing carrying value – net of provision	**411**	**-**	**411**

As at 31 March 2010	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Past Due Assets (90+days)			
Carrying value at beginning of period	741	-	741
Bad debts written off during the period	(125)	-	(125)
Additions to past due assets	521	-	521
Repayment of past due assets	(422)	-	(422)
Transfer to impaired assets	(91)	-	(91)
Closing carrying value	**624**	**-**	**624**
Less:			
Carrying value at beginning of period	(236)	-	(236)
Transfer to collective provision	141	-	141
Bad debts written off during the period	16	-	16
Additions to past due assets	(67)	-	(67)
Repayment of past due assets	54	-	54
Transfer to impaired loans	12	-	12
Provision for doubtful debts – closing	(80)	-	(80)
Closing carrying value – net of provision	**544**	**-**	**544**

The disclosure of past due assets in the table below recognises the entire loan balance as past due when an instalment has not been made within the terms of its agreement.

Past Due Assets – 90 + Days	91-120 days $000	121-150 days $000	150+ days $000	Total $000
31 March 2011	127	88	247	462
31 March 2010	180	111	333	624

The proportion of loans in arrears 3 months and over is 0.84% being total overdue loan balances as a proportion of total loan ledger (31 March 2010 – 1.13%).

Instalment arrears less than 90 days are included in the table below. This table outlines only the instalments that are overdue, not the entire loan balance.

Past Due Assets	7-30 days $000	31-60 days $000	61-90 days $000	Total $000
31 March 2011	227	66	38	331
31 March 2010	255	111	74	440

For all customers requiring advances and hire purchase loans the Company performs credit evaluations. The approval process considers a number of factors including; borrowers past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through the motor vehicle dealer clients. Dealer floorplans are secured by first charges taken over vehicle stock.

There are no indicators to suggest that credit quality of these assets is impaired.

The finance receivables include mortgage advances secured by a registered mortgage over the property. It also includes personal and hire purchase advances whereby the Company holds a secured charge over a motor vehicle.

Floorplan exposure

The maximum amount available to existing motor vehicle dealers on floorplan arrangements is $1.78m (31 March 2010: $2.4m). The current borrowings by motor vehicle dealers under these facilities is $1.1m (31 March 2010: $1.2m).

Concentrations of lending

The majority of the Company's funds are advanced through motor vehicle dealers on hire purchase agreements. These dealers are throughout the North Island of New Zealand. The Company also provides finance on hire purchase and advances, mortgage advances, business lending and motor vehicle floorplans. All credit risks are within New Zealand.

The Company's credit exposure concentrations of finance receivables are as follows:

	31 March 2011	31 March 2010
Land and buildings	17%	23%
Residential	13%	16%
Commercial	3%	5%
Industrial	1%	2%
Plant and equipment	1%	2%
Motor vehicles	76%	70%
Other	6%	5%
Land and Buildings		
1st mortgage	66%	62%
2nd mortgage	34%	38%

The Company's credit exposure concentrations within New Zealand are as follows:

	31 March 2011	31 March 2010
Auckland/Northland	**7%**	10%
Waikato/Bay of Plenty	**30%**	31%
Hawkes Bay/Gisborne	**4%**	5%
Taranaki/Manawatu/Horowhenua	**25%**	24%
Wellington/Wairarapa	**32%**	27%
Canterbury/Westland/South Island	**2%**	3%

All credit risks are in New Zealand.

Concentrations of credit exposure are as follows:

	31 March 2011	31 March 2010
Accommodation, cafes and restaurants	**4%**	4%
Agriculture,forestry, fishing and mining	**7%**	7%
Community services	**4%**	-
Construction	**9%**	11%
Education, health and community services	**12%**	12%
Electricity, gas and water	**3%**	2%
Finance and insurance	**5%**	1%
Manufacturing	**4%**	6%
Property and business services	**16%**	32%
Transport, storage and communication	**7%**	8%
Wholesale and retail trade	**11%**	12%
Other services	**18%**	5%

Industry categories have been identified using the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

The Company's concentrations of secured debenture stock funding are as follows:

	31 March 2011	31 March 2010
Auckland/Northland	**1.5%**	0.5%
Waikato/Bay of Plenty	**2.0%**	3.0%
Hawkes Bay/Gisborne	**1.5%**	0.5%
Taranaki/Manawatu/Horowhenua	**75.0%**	82.0%
Wellington/Wairarapa	**18.0%**	13.0%
Canterbury/Westland/South Island	**1.0%**	0.5%
Overseas	**1.0%**	0.5%

The Company is unable to determine the customer, industry or economic sector.

Large counterparties

As at 31 March 2011 the Company had the following numbers of counterparties and groups of closely related counterparties with credit exposure equalling or exceeding 10% of equity:

Percentage of Equity	Number of Counterparties As at 31 March 2011	As at 31 March 2010
10-20%	**4**	6
20-30%	**2**	2

Related party transactions

The parent company of Oxford is Electra Finance Limited being the sole shareholder. The ultimate parent is the Electra Trust. Included within the carrying value of Finance Receivables are the following related party transactions:

31 March 2011	Advance $000	Interest Charged $000	Repaid $000	Balance 31 March 2011 $000
Intercompany advances during the period:				
Electra Limited	2,200	16	(2,216)	-
Linework and Stones Limited	1,449	40	(566)	923
Balance	**3,649**	**56**	**(2,782)**	**923**
Opening Advance to:				
DataCol NZ Limited	18	1	(19)	-
Electra Limited	6	-	(6)	-
Linework and Stones Limited	43	1	(44)	-
Sky Communications Limited	6	1	(7)	-
Balance	**73**	**3**	**(76)**	**-**
Balance at end of period	**3,722**	**59**	**(2,858)**	**923**

On 20 January 2011 Oxford sold a loan to Electra Limited for the amount of $650,000. At the time of the sale the loan had a balance of $1,090,859 and was impaired.

31 March 2010	Advance $000	Interest Charged $000	Repaid $000	Balance 31 March 2010 $000
Intercompany advances during the period:				
Sky Communications Limited	8	-	(2)	6
Balance	**8**	**-**	**(2)**	**6**
Opening Advance to:				
Electra Limited	1,514	14	(1,522)	6
Linework and Stones Limited	230	14	(201)	43
DataCol NZ Limited	34	3	(19)	18
Multi-Media Communications Limited	122	4	(126)	-
Balance	**1,900**	**35**	**(1,868)**	**67**
Balance at end of period	**1,908**	**35**	**(1,870)**	**73**

As at 31 March 2011 Electra Finance Limited owed Oxford $36,000 relating to the payment of income tax (31 March 2010: $36,000).

As at 31 March 2011 Oxford owed Electra Limited $10,000 for the provision of accounting and administration services (31 March 2010 – $15,000).

Guarantees

On 29 June 2009 the Electra Deed of Guarantee was further amended and restated. This was completed for a number of reasons, including to ensure the Electra Deed of Guarantee will operate ahead of the Crown Deed of Guarantee and to strengthen the obligations to Electra investors in the Company under the Deed in order to satisfy criteria Electra understands to be applied by Standards and Poor's for the purpose of rating the Company. At the same time other changes were made to clarify, amongst other things, the process of payment for Debenture Holders should the Guarantee be called upon.

The Crown retail deposit Guarantee scheme ended on 12 October 2010. The Crown extended the scheme with changed terms and conditions to 31 December 2011. Oxford elected not to apply to enter the extended scheme.

Credit rating

On 23 December 2010, Standard and Poor's reviewed the rating of Oxford Finance Corporation Limited and downgraded the Company to a BB rating with a stable outlook. Prior to this date the Company's rating was BBB- with a stable outlook. This rating applies to the Company and to the issue of Secured Debenture Stock described in these financial statements.

Capital management

Oxford maintains capital in the form of ordinary issued shares and retained profits held within the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Oxford is governed by a Debenture Trust Deed which provides certain covenant compliance over Oxford. These relate to the liquidity of Oxford assets and its ability to register prior charges over assets. These are monitored and managed as part of the Company's overall capital management by the Board. Oxford complied with these Trust Deed requirements throughout the year.

12. Property, Plant and Equipment

Group	Distribution Plant & Equip (incl. Land & Buildings) at Cost $000	Other Land & Buildings at Cost $000	Other Plant & Equip at Cost $000	Motor Vehicles at Cost $000	Other Capital Work in Progress at Cost $000	Total $000
Cost						
Balance as at 1 April 2009	128,049	2,188	2,422	3,863	1,537	138,059
Additions	-	-	1,005	1,202	6,143	8,350
Disposals	(1,344)	-	(198)	(158)	-	(1,700)
Transfer to/(from) capital work in progress	4,812	-	-	-	(5,465)	(653)
Revaluation	48,168	-	-	-	-	48,168
Balance as at 31 March 2010	**179,685**	**2,188**	**3,229**	**4,907**	**2,215**	**192,224**
Balance as at 1 April 2010	179,685	2,188	3,229	4,907	2,215	192,224
Additions	-	2	985	1,546	5,836	8,369
Disposals	(238)	-	(87)	(202)	-	(527)
Transfer to/(from) capital work in progress	2,765	-	49	-	(3,064)	(250)
Revaluation	-	-	-	-	-	-
Balance as at 31 March 2011	**182,212**	**2,190**	**4,176**	**6,251**	**4,987**	**199,816**
Depreciation and impairment losses						
Balance as at 1 April 2009	(19,918)	(227)	(1,704)	(1,524)	-	(23,373)
Depreciation charge	(4,214)	(54)	(371)	(488)	-	(5,127)
Write back on disposals	308	-	249	210	-	767
Revaluation	23,824	-	-	-	-	23,824
Balance as at 31 March 2010	**-**	**(281)**	**(1,826)**	**(1,802)**	**-**	**(3,909)**
Balance as at 1 April 2010	-	(281)	(1,826)	(1,802)	-	(3,909)
Depreciation charge	(6,894)	(50)	(513)	(721)	-	(8,178)
Write back on disposals	-	-	51	138	-	190
Revaluation	-	-	-	-	-	-
Balance as at 31 March 2011	**(6,893)**	**(331)**	**(2,288)**	**(2,385)**	**-**	**(11,897)**
Carrying amounts						
At 31 March 2010	179,685	1,907	1,403	3,105	2,215	188,315
At 31 March 2011	**175,319**	**1,859**	**1,888**	**3,866**	**4,987**	**187,919**

Parent	**Distribution Plant & Equip (incl. Land & Buildings) at Cost $000**	**Other Land & Buildings at Cost $000**	**Other Plant & Equip at Cost $000**	**Motor Vehicles at Cost $000**	**Other Capital Work in Progress at Cost $000**	**Total $000**
Cost						
Balance as at 1 April 2009	128,946	963	561	272	1,537	132,279
Additions	-	-	140	2	6,143	6,285
Disposals	(1,344)	-	(119)	(39)	-	(1,502)
Transfer to/(from) capital work in progress	5,465	-	-	-	(5,465)	-
Revaluation	48,168	-	-	-	-	48,168
Balance as at 31 March 2010	**181,235**	**963**	**582**	**235**	**2,215**	**185,230**
Balance as at 1 April 2010	181,235	963	582	235	2,215	185,230
Additions	-	-	28	101	5,836	5,965
Disposals	(238)	-	(4)	(113)	-	(355)
Transfer to/(from) capital work in progress	3,015	-	49	-	(3,064)	-
Revaluation	-	-	-	-	-	-
Balance as at 31 March 2011	**184,012**	**963**	**655**	**223**	**4,987**	**190,840**
Depreciation and impairment losses						
Balance as at 1 April 2009	(19,918)	(76)	(507)	(118)	-	(20,619)
Depreciation charge	(4,214)	(26)	(72)	(40)	-	(4,352)
Write back on disposals	308	-	119	25	-	452
Revaluation	23,824	-	-	-	-	23,824
Balance as at 31 March 2010	**-**	**(102)**	**(460)**	**(133)**	**-**	**(695)**
Balance as at 1 April 2010	-	(102)	(460)	(133)	-	(695)
Depreciation charge	(6,894)	(23)	(94)	(56)	-	(7,067)
Write back on disposals	1	-	4	88	-	93
Balance as at 31 March 2011	**(6,893)**	**(125)**	**(550)**	**(101)**	**-**	**(7,669)**
Carrying amounts						
At 31 March 2010	181,235	861	122	102	2,215	184,535
At 31 March 2011	**177,119**	**838**	**105**	**122**	**4,987**	**183,171**

Revaluation and impairment review

The Group's distribution asset land and buildings and the electricity distribution network were revalued to a fair value of $181,235,000 as at 31 March 2010 by Ms Lynne Taylor, a director, and Mr Chris Taylor, a Partner of independent valuers PricewaterhouseCoopers. PricewaterhouseCoopers was assisted by Sinclair Knight Merz, engineering consultants.

All other Group assets are recorded at cost less accumulated depreciation.

In accordance with NZ IAS 36, the Group has undertaken a review to determine whether the carrying values of any items of property, plant and equipment might be impaired. Based on evidence from asset disposals, the Group does not believe that any such carrying values are materially impaired at 31 March 2011 (31 March 2010: nil).

The tables for 2010 have been restated to split the increase in asset value on revaluation between cost appreciation and accumulated depreciation write back.

13. Investments

13.1 Interest held by Group

Name of Entity	Principal Activities	2011	2010
Linework and Stones Limited	Electrical Contracting	100%	100%
Oxford Finance Limited	Financial Services	100%	-
Oxford Finance Corporation Limited	Financial Services	100%	100%
Electra Finance Limited	Financial Services	100%	100%
DataCol NZ Limited	Metering Services	100%	100%
Sky Communications Limited	Telecommunication Contracting	100%	100%
Sky Communications Pty Limited	Telecommunication Contracting	100%	100%
Electra Generation Limited	Non Trading	100%	100%
DeFrost Limited	Non Trading	100%	100%
Horowhenua Wind Energy Limited	Non Trading	100%	100%

The effective ownership and the voting interests in the above investments are the same.

All subsidiaries and associates have a balance date of 31 March and are incorporated in New Zealand, with the exception of Sky Communications Pty Limited which is incorporated in Australia.

13.2 Disposal of a subsidiary

On 31 July 2010, DataCol NZ Limited disposed of its 100% interest in Sky Communications Limited to Electra Limited

This had no effect on the group financial statements.

13.3 Acquisition of a subsidiary

On the 31 July 2010 Electra Limited acquired 100% of Sky Communications Limited from DataCol NZ Limited

This had no effect on the group financial statements.

13.4 Impairment

Goodwill has been allocated at the cash generating unit level. As each subsidiary derives its own cash inflows, goodwill impairment is determined by reference to the cash generating unit. The recoverable amount of the subsidiary is its value in use.

Electra has performed impairment testing on the subsidiary business operations and has recognised the following impairment losses because the financial results have not returned what was expected; therefore the future cash flows of the current business activities have been reassessed.

	Group		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
DataCol NZ Limited	-	-	-	-
Linework and Stones Limited	-	-	-	-
Oxford Finance Corporation Limited	-	-	-	-
Sky Communications Limited	-	-	-	-
Sky Communications Pty Limited	-	-	-	-
	-	-	-	-

Determining whether there has been impairment in relation to goodwill requires an assessment of the value in use of the cash generating assets with which the goodwill is associated. This is undertaken by estimating the future cash flows expected to arise and using a suitable discount rate to estimate the present value of the future cash flows.

14. Goodwill and Intangible Assets

Group	Software $000	Goodwill $000	Other $000	Total $000
Gross carrying amount				
Balance as at 1 April 2009	5,204	15,000	62	20,266
Additions	60	1,075	107	1,242
Disposals	(12)	(2,970)	-	(2,982)
Balance as at 31 March 2010	**5,252**	**13,105**	**169**	**18,526**
Balance as at 1 April 2010	5,252	13,105	169	18,526
Additions	111	-	-	111
Disposals	(7)	-	-	(7)
Balance as at 31 March 2011	**5,356**	**13,105**	**169**	**18,630**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2009	(3,120)	(1,668)	(6)	(4,794)
Amortisation expenses	(214)	-	(6)	(220)
Disposals	9	775	-	784
Impairment losses (charged to profit)	-	-	-	-
Balance as at 31 March 2010	**(3,325)**	**(893)**	**(12)**	**(4,230)**
Balance as at 1 April 2010	(3,325)	(893)	(12)	(4,230)
Amortisation expenses	(198)	-	(12)	(210)
Disposals	1	-	-	1
Impairment losses (charged to profit)	-	-	-	-
Balance as at 31 March 2011	**(3,522)**	**(893)**	**(24)**	**(4,439)**
Carrying amounts				
At 31 March 2010	1,927	12,212	157	14,296
At 31 March 2011	**1,834**	**12,212**	**145**	**14,191**

Parent	Software $000	Goodwill $000	Other $000	Total $000
Gross carrying amount				
Balance as at 1 April 2009	4,257	1,412	62	5,731
Additions	24	-	107	131
Disposals	-	-	-	-
Balance as at 31 March 2010	**4,281**	**1,412**	**169**	**5,862**
Balance as at 1 April 2010	4,281	1,412	169	5,862
Additions	80	-	-	80
Disposals	-	-	-	-
Balance as at 31 March 2011	**4,361**	**1,412**	**169**	**5,942**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2009	(2,743)	-	(6)	(2,749)
Amortisation expenses	(79)	-	(6)	(85)
Disposals	-	-	-	-
Balance as at 31 March 2010	**(2,822)**	**-**	**(12)**	**(2,834)**
Balance as at 1 April 2010	(2,822)	-	(12)	(2,834)
Amortisation expenses	(92)	-	(12)	(104)
Disposals	-	-	-	-
Balance as at 31 March 2011	**(2,914)**	**-**	**(24)**	**(2,938)**
Carrying amounts				
At 31 March 2010	1,459	1,412	157	3,028
At 31 March 2011	**1,447**	**1,412**	**145**	**3,004**

15. Trade and Other Payables

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Trade payables	**5,586**	4,095	**1,180**	1,472
Other payables	**60**	1,351	**490**	769
Intercompany payables	**-**	-	**981**	806
Accruals	**1,468**	230	**843**	38
Accrued employee entitlements	**1,473**	1,084	**125**	33
	8,587	6,760	**3,619**	3,118

16. Debt Financing (Excluding secured debenture funding)

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Bank and other borrowings	**42,605**	39,696	**42,605**	33,146
Intercompany borrowings	**-**	-	**-**	1,619
Total debt funding	**42,605**	39,696	**42,605**	34,765
Less current borrowings	**(42,605)**	(17,576)	**(42,605)**	(17,445)
Non-current borrowings	**-**	22,120	**-**	17,320
Repayable as follows:				
Within one year	**42,605**	17,576	**42,605**	17,445
Within two years	**-**	4,320	**-**	4,320
Beyond two years	**-**	17,800	**-**	13,000
	42,605	39,696	**42,605**	34,765

All bank borrowings are secured by a 'General Securities Agreement' over the assets of the Group excluding Sky Communications Pty Limited and Oxford Finance Corporation Limited.

Interest rates

Interest rates payable on the Parent Company bank facilities range from 4.65 – 8.84% pa. (2010: 4.65 – 9.03% pa.).

17. Secured Debenture Stock

	Oxford Finance	
	2011	2010
Borrowings	$000	$000
Total secured debenture stock	**50,549**	49,414
Less current debenture stock	**(33,156)**	(37,881)
Non-current debenture stock	**17,393**	11,533

Secured debenture stock - security

All debenture stock is secured by a charge in favour of the Trustee over all the undertakings and assets of Oxford Finance Corporation Limited. The stock ranks equally with all previously issued debenture stock, including that of Electra Finance Limited and all other debenture stock, which may hereafter be issued under the Trust Deed.

	Oxford Finance			
	2011		2010	
		Average		Average
Contractual maturity	$000	Rate%	$000	Rate%
On call	**3,215**	**4.07**	4,084	4.05
Within six months	**17,381**	**5.78**	19,168	5.99
Within one year	**12,560**	**6.38**	14,629	6.88
Within two years	**13,923**	**7.25**	7,553	7.15
Between two and three years	**3,238**	**7.61**	3,735	7.52
Between three and four years	**166**	**7.85**	245	8.66
Over four years	**66**	**7.50**	-	-
Total	**50,549**	**6.29**	49,414	6.53

18. Share Capital

000's of shares	Group 2011	Group 2010	Parent 2011	Parent 2010
Opening balance	**24,465**	24,955	**24,465**	24,465
Sold to minority shareholder of subsidiary	**-**	(490)	**-**	-
Closing balance	**24,465**	24,465	**24,465**	24,465

	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Opening balance	**18,000**	19,660	**18,000**	18,000
Sold to minority shareholder of subsidiary	**-**	(1,660)	**-**	-
Closing balance	**18,000**	18,000	**18,000**	18,000

All shares rank equally with one vote attached to each share, have no par value and are fully paid.

19. Reserves

Asset revaluation reserve	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Balance at beginning of financial year	**50,708**	-	**50,708**	-
Revaluation increments/(decrements)	**(134)**	71,992	**(134)**	71,992
Impairment losses	**-**	-	**-**	-
Reversals of impairment losses	**-**	-	**-**	-
Deferred tax liability arising on revaluation	**1,456**	(21,284)	**1,456**	(21,284)
Reversal of deferred tax liability on revaluation	**-**	-	**-**	-
Transferred to retained earnings	-	-	**-**	-
Balance at end of financial year	**52,030**	50,708	**52,030**	50,708

The asset revaluation reserve arises on the revaluation of the Group's distribution land and buildings and the electricity distribution network. Where a revalued asset is disposed of that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

20. Dividends

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Dividends paid	**275**	235	**275**	236

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Cents per share	**1.12**	0.96	**1.12**	0.96

Dividends were paid, during the year to the Electra Trust. There is no proposed final dividend.

21. Commitments

Capital Commitments

At balance date, there was $1,982,000 unaccrued expenditure contracted for and approved by the Company and Group (2010: $966,000).

	Group		Parent	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Distribution network	**1,921**	878	**1,921**	878
Intangible assets	**61**	88	**61**	88
	1,982	966	**1,982**	966

Distribution expenditure will be incurred when the work is completed (estimated to be over the next 12 to 24 months). The expenditure on intangible assets relates to a maintenance contract and will be incurred over a 30 month period.

Financial Commitments

As at 31 March 2011 Oxford Finance Corporation Limited had financial commitments of $684,000. This figure represents accepted commercial loans awaiting drawdown of $Nil (31 March 2010: $190,000) and pre-approved floorplan facilities undrawn of $684,000 (31 March 2010: $1.2m)

22. Contingent Liabilities

	Group		Parent	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
a) Guarantee of bank facilities for a subsidiary to a limit of	**10,299**	10,299	**10,299**	10,299
At balance date the amount of the bank facilities so guaranteed was	**-**	-	**-**	-
There is no indication that any liability with regard to the above guarantees will crystallise in the foreseeable future.				
b) The Group has provided for a liability to some employees which would be payable on their retirement.				
c) DataCol NZ in its ordinary course of business undertakes various contracting works, some of which will be subject to customer disputes. A dispute exists with one customer relating to the alleged failure to meet contracted standards. The nature of the disputed claim is denied by DataCol NZ. Agreement has been reached that the dispute will be arbitrated. The Directors are confident that the outcome will not be material to these financial statements.				

23. Cash and Cash Equivalents

	Group		Parent	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Non finance business				
Cash at bank	**1,614**	1,509	**792**	728
Finance business				
Cash at bank	**3,674**	1,898	**-**	-
Total cash and cash equivalents	**5,288**	3,407	**792**	728

24. Reconciliation of net profit after tax with cash inflow from operating activities

	Group		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Reported profit after taxation	411	2,047	1,225	1,546
Add/(less) non-cash items:				
Goodwill write off	-	-	-	-
Depreciation and amortisation	8,388	5,347	7,171	4,437
Doubtful debt provision movement	742	295	-	12
Provision for tax movement	(2,169)	(1,925)	(1,461)	(882)
Bad debts written off	1,832	1,133	97	85
Increase/(decrease) in unearned fees	(22)	26	-	-
Capitalised interest adjustment	(473)	(377)	-	-
Equity accounted earnings of associate	-	-	-	-
(Gain) / loss on sale of investment	-	(4)	-	-
Capital (gain) / loss on sale of fixed assets	347	670	312	681
Add item classified as investing activity	-	-	-	-
Movements in working capital:				
(Decrease) / increase in accounts payable and other provisions	3,754	(1,479)	530	(2,545)
Decrease / (increase) in receivables	(5,455)	514	(460)	(620)
Decrease / (increase) in inventory	(35)	(396)	-	-
Net cash inflow from operating activities	7,320	5,851	7,414	2,714

25. Transactions with Related Parties

The parent entity in the consolidated Group is Electra Limited which is 100% owned by Electra Trust.

Other intergroup related parties – refer note 13.

Electra Related Party Transactions

	Parent	
	2011 $000	2010 $000
Revenue		
Interest from DataCol NZ Limited	5	3
Sales to DataCol NZ Limited	6	69
Interest from Sky Communications Limited	88	-
Interest from Sky Communications Pty Limited	3	-
Sales to Sky Communications Pty Limited	2	-
Management/Director Fees from Oxford Finance Corporation Limited	26	-
Loan received from Oxford Finance Corporation Limited	3,250	-
Expenses		
Interest expense to DataCol NZ Limited	13	37
Interest expense to Oxford Finance Corporation Limited	16	14
Purchases from DataCol NZ Limited	-	1
Purchases from Linework and Stones Limited	8,549	8,413
Loan repaid to Oxford Finance Corporation Limited	3,250	-
Receivables		
Loan to Sky Communications Limited	3,103	400
From DataCol NZ Limited	-	7
From Oxford Finance Corporation Limited	10	15
From Sky Communications Limited	50	37
From Sky Communications Pty Limited	5	-
From Linework and Stones Limited	10	7
Payables		
Borrowed from DataCol NZ Limited	-	1,619
To DataCol NZ Limited	-	7
To Oxford Finance Corporation Limited	-	6
To Linework and Stone Limited	981	804

No related party debts have been written off or forgiven during the year. No amounts were provided for in doubtful debts relating to debts due from related parties at reporting date (2010: $Nil).

Guarantees

On 7 September 2007 Electra Limited provided a guarantee to Electra Finance Limited in which Electra Limited guarantees the Debenture Stockholders of Oxford Finance Corporation Limited.

Directors

During the period no transactions were entered into with any of the Company's Directors other than the payment of Directors fees and the reimbursement of valid Company related expenses such as travel costs to board meetings and interest paid by Oxford Finance Corporation Limited on debentures. Some of the Directors are also consumers of the Company and some minor transactions were entered into with companies in which some Directors held directorships and with related parties. These transactions were carried out on a commercial and arm's length basis. The exception to this being Directors and employees of the Group are entitled to a discounted interest rate on lending, and a premium interest rate on investments, when transacting with Oxford Finance Corporation Limited.

26. Key Management Personnel

The compensation of the Directors and Executives, being the key management personnel of the entity, is set out below:

	Group		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Short-term employee benefits	1,587	1,550	1,079	1,064
Defined contribution plans	43	43	25	28
	1,630	1,593	1,105	1,092

As at 31 March 2011 $506,000 was owing to Directors and key management personnel (31 March 2010: $331,347). As at 31 March 2011 there was $51,000 owing from Directors and key management personnel (31 March 2010: $Nil).

27. Subsequent Events

On 1 April 2011 Oxford Finance Corporation Limited (OFCL) entered into a major transaction to sell certain company assets and liabilities to Oxford Finance Limited. OFCL will cease to offer debenture stock to the public from this date and the prospectus will be withdrawn.

Existing finance receivables will be either managed through to maturity by OFCL or assigned to Oxford Finance Limited.

The debenture book will be closed to new deposits effective 1 April 2011. All debenture stock will be repaid to investors on their contractual maturity date by debenture holders. All on call funds will be repaid in April 2011.

OFCL has available to it through a related party company, Oxford Finance Limited, a facility of $35 million through which advances can be made should any mismatches arise between funds received from finance receivables and funds paid to investors for maturing debenture stock.

OFCL will continue to meet all of its obligations under the Non Bank Deposit Takers Regulations and existing Trust Deed until all debenture stock has been repaid.

On 7 April 2011 Electra Limited made a capital injection of AUD 250,000 to Sky Communications Pty Limited. On 16 May 2011 Electra Limited made a further capital injection of AUD 200,000 to Sky Communications Pty Limited.

There have been no other material events since balance date to 27 May 2011 that require disclosure in these financial statements.

28. Required Disclosures

The Company reported the following performance measures in its 2010/11 Statement of Corporate Intent:

	Actual	Target
Capital ratio – shareholders funds to total assets	48.8%	<49%
Operating surplus*	**$0.3m**	$2.52m
Operating cost per consumer	**$183**	$207
Network reliability		
- average interruption duration	**74.7**	83.0
- average frequency index	**1.62**	1.67

* The decrease in operating surplus is due to the increase in depreciation on the revalued network assets.

AUDITORS REPORT

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF
ELECTRA LIMITED AND GROUP'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The Auditor-General is the auditor of Electra Limited (the company) and group. The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 22 to 62, that comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

Opinion on the financial statements

In our opinion,

- the financial statements of the company and group on pages 22 to 62:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards;
  - give a true and fair view of the company and group's:
    - financial position as at 31 March 2011; and
    - financial performance and cash flows for the year ended on that date;

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

AUDITORS REPORT

Deloitte.

Our audit was completed on 27 May 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.
An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;

- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;

- the adequacy of all disclosures in the financial statements; and

- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

AUDITORS REPORT

Deloitte.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and

- give a true and fair view of the company and group's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 45(1) of the Energy Companies Act 1992.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and the provision of taxation compliance services, we have no relationship with or interests in the company or any of its subsidiaries.

Trevor Deed
Deloitte
On behalf of the Auditor-General
Wellington, New Zealand

This audit report relates to the financial statements of Electra Limited for the year ended 31 March 2011 included on Electra Limited website. The Board of directors is responsible for the maintenance and integrity of Electra Limited website. We have not been engaged to report on the integrity of the Electra Limited website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 27 may 2011 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Non Financial Performance Measures

The following performance measures are disclosed in accordance with the Ministry of Commerce Disclosure Regulations for Electricity Distribution Companies.

	2011	2010
Energy performance measures		
Direct line cost per kilometre	**$2,057**	$2298
Indirect line cost per electricity customer	**$55**	$52
Energy delivery efficiency performance measures		
Load factor	**53.76%**	54.39%
Loss ratio	**7.54%**	7.54%
Capacity utilisation	**32.2%**	31.8%
Statistics		
System length (km)	**2,580**	2,577
Transformer capacity (kVA)	**303,772**	300,600
Maximum demand (MW)	**94.3**	94.4
Total electricity supplied from system (kWh)	**410,691,478**	416,083,807
Total customers	**42,483**	42,204
SAIDI (system average interruption duration index)	**74.7**	161.2
SAIFI (system average interruption frequency index)	**1.62**	3.05
CAIDI (customer average interruption duration index)	**46.20**	52.85
Number of faults per 100 kilometres	**3.6**	3.7

STATUTORY INFORMATION

Directors and remuneration

The following persons holding office as Directors during the year were authorised and received the following remuneration:

	Electra Limited	Oxford Finance Corporation Limited
PF McKelvey	$62,508	-
MH Devlin	$37,769	-
PAT Hamid	$34,852	$12,000
RG Longuet	$37,769	-
NF Mackay	$34,852	$8,000
DG McCorkindale	-	$8,000
SA Mitchell-Jenkins	-	$8,000
IA Wilson	$34,765	-
JL Yeoman	-	$8,000
	$242,515	**$44,000**

Entries recorded in the interest register

The following entries were recorded in the Interest Register of the Company and its subsidiaries during the year:

a) Directors' interests in transactions

No Directors gave notice of an interest in transactions between a related party and Electra Limited or its subsidiaries:

A number of the directors are consumers of the Company. All transactions were undertaken at the Company's normal terms and conditions.

b) Share dealings of directors

The Directors did not purchase or sell shares in Electra Limited or its subsidiaries during the year.

c) Loans to directors

There were no loans made to Directors by Electra Limited or its subsidiaries during the year.

d) Directors' indemnity and insurance

The Company has insured its Directors, and the Directors of its subsidiaries, against liabilities to other parties that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

Executive employees' remuneration

During the year the following numbers of employees received remuneration and/or other benefits within the following bands:

	Group and Parent Company	
	Year ended 31 March 11	Year ended 31 March 10
Continuing Employees		
$100,000 - $110,000	6	3
$110,001 - $120,000	5	2
$120,001 - $130,000	4	2
$130,001 - $140,000	1	-
$140,001 - $150,000	1	1
$150,001 - $160,000	2	-
$160,001 - $170,000	-	-
$170,001 - $180,000	-	1
$180,001 - $190,000	-	1
$190,001 - $200,000	1	1
$200,001 - $210,000	1	-
$210,001 - $220,000	-	-
$220,001 - $230,000	1	1
$230,001 - $240,000	1	-
$240,001 - $250,000	-	-
$250,001 - $260,000	-	-
$260,001 - $270,000	-	-
$270,001 - $280,000	-	-
$280,001 - $290,000	-	-
$290,001 - $300,000	-	-
$300,001 - $310,000	-	-
$310,001 - $320,000	-	1
$320,001 - $330,000	-	-
$330,001 - $340,000	-	-
$340,001 - $350,000	1	-
$350,001 - $360,000	-	1

All the above employees are provided with the use of a Company motor vehicle not included in the above calculation.

Changes in accounting policy

There have been no changes in accounting policies this year.

Donations

During the year the Group made donations of $7,763 (2010: $5,683).

Directory

Trustees

C R Turver (Chairperson), JP
A Chapman, MNZM, JP
L R Burnell
J M Keall
R J Latham
G Sue, JP

Directors

P F McKelvey (Chair), CNZM, MBE, TTC (Physical Education)
M H Devlin, ED, BA, M.Com, MAIIE, GRAD.DBS, M Inst D
P A T Hamid, BCA
R G Longuet, BE (Elec), M Inst D
N F Mackay, BCA
D G McCorkindale, MSc, BCA(Hons), CA, M Inst D
S A Mitchell-Jenkins, BBS, CA
I A Wilson, QSO, F Inst D, ANZIM

Executives

J L Yeoman (CEO – Electra Group), BBS, ACA, FCIS, ANZIM
I R Fenwick (Group Chief Financial Officer), BCom, DipGrad, CA
B G Franks (CEO – DataCol NZ), Dip Bus Management
T A Wepiha (GM – Linework & Stones), NZCE(Electrical), Dip Bus
R N Leggett (GM – Group), BA
M J Taylor (GM – Sky Communications)
J M Smith (GM – Oxford Finance)
V M Wright (Company Secretary), JP

Registered office

Electra Limited
Cnr Exeter and Bristol Streets
Levin

Postal address

P O Box 244
Levin 5540
Telephone 0800 353 2872
Fax 06 367 6120

Auditors

Deloitte
Wellington
On behalf of the Controller and Auditor General

Solicitors

Cullinane Steele, Levin
Quigg Partners, Wellington

Bankers

Bank of New Zealand

Notice of Annual General Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Electra Limited will be held at the Company's Registered Office, Cnr Exeter and Bristol Streets, Levin on Friday 29 July 2011 at 2.00pm.

Ordinary business

1. To receive and consider the Directors' Report, the Financial Statements and the Auditors' Report
2. To consider the Directors' recommendations as to dividends
3. To elect Directors. Mr Martin Devlin and Mr Russell Longuet retire by rotation at the annual general meeting of the Company. Mr Martin Devlin and Mr Russell Longuet being eligible, offer themselves for re-election
4. To fix remuneration of the Directors for the ensuing year
5. To record the re-appointment of the Auditor General (or his appointee) as Auditor of the Company and to authorise the Directors to fix their remuneration for the ensuing year

By order of the Board

V M Wright

Company Secretary

27 May 2011

Any shareholder of the Company entitled to attend and vote at the Meeting may appoint another person as proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. Proxy forms must be lodged at the registered office of the Company, cnr Exeter and Bristol Streets, P O Box 244, Levin 5540.

Electra