

Annual Report 2022/2023

Ara
Ake

Future
Energy
Development



Ara Ake Annual Report 2022/2023

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Message from the Chair and Chief Executive

WE WOULD LIKE TO PRESENT THIS YEAR'S ANNUAL REPORT FOR ARA AKE. THE PAST YEAR HAS BEEN MARKED BY GOOD PROGRESS FOR ARA AKE AS WE CONTINUED TO FOCUS ON THE DEMONSTRATION, DEPLOYMENT, AND COMMERCIALISATION OF ENERGY INNOVATIONS IN NEW ZEALAND.



The global energy landscape is evolving rapidly, driven by the urgency to reduce carbon emissions and mitigate the impacts of climate change. Through the dedication of our team, we have achieved milestones in advancing low-emissions energy solutions. In this annual report, we reflect on our accomplishments and share our strategic outlook.

Throughout the year, we actively connected the energy ecosystem through various initiatives. Hosting events such as the Offshore Renewable Energy Forum and the Reducing Energy Hardship Conference enabled us to bring together diverse national and global stakeholders to address key challenges.

Our efforts extended beyond national borders as we facilitated connections between global innovators and New Zealand organisations, enabling the piloting of solutions for decarbonisation challenges, displayed in the Electricity Distribution Business Challenge.

We welcomed a strategic review by the Ministry of Innovation, and Employment (MBIE) undertaken by consultant Kalimena, which proved to be a valuable exercise, allowing for the opportunity to receive constructive feedback from the stakeholders we work with and identify areas for improvement.

Following this review, we completed negotiations with the Crown, and we secured additional funding for a further 10 years. This allows the organisation to continue our efforts in strengthening the energy innovation ecosystem and to drive the deployment of low-emissions energy solutions across the motu.

We recognise that our successes would not be possible without the continued support and trust of our stakeholders. This marks a promising time of momentum for Ara Ake and we look forward to what lies ahead for Aotearoa New Zealand's energy future as we continue on our trajectory to collaborate, innovate, and drive positive change.

Ngā manaakitanga,



Rob Campbell
Chair – Ara Ake
rob@tutanekai.com



Cristiano Marantes
Chief Executive – Ara Ake
cristiano.marantes@araake.co.nz

Ara Ake Challenges

Electricity Distribution Business (EDB) Energy Innovation Challenge

In November 2022, Ara Ake hosted the EDB Challenge pitch event. Taking the prize from a shortlist of six impressive finalists were New Zealand-based ANSA, and Australian-based companies Future Grid and Gridsight.

The evening had a strong turnout, with almost 100 guests from across the energy sector. Finalists pitched their energy solutions to a panel of judges from the participating EDBs, including Aurora Energy, Counties Energy, Orion NZ, Powerco, The Lines Company, Unison Networks, Waipa Networks, and Wellington Electricity.

The winning innovators received a combined USD\$250,000 in funding to pilot their technologies with New Zealand EDBs, with the goal of scaling and commercialising them in Aotearoa New Zealand.

Following this pitch event, there are now 8 pilots underway with 4 of the innovators that pitched at the pitch event. Key learnings from these pilots are expected to be shared in early 2024.

“It is very rare for innovation challenges to result in immediate outcomes, so we’d like to thank Ara Ake for organising such a high calibre and high impact event.”

Gridsight Co-Founder, Dr Brendan Banfield.

Innovation Demonstration and Testbeds

The ability to showcase innovation at scale, within real-world scenarios, is vitally important on the pathway to accelerating innovative concepts into practical commercial realities. Through these pilots, the potential of emerging technologies can be fully explored, enabling stakeholders to assess their feasibility, scalability, and adaptability. Ara Ake has been supporting innovators to develop a number of energy innovation demonstration and testbeds in partnership with stakeholders.

Solar energy sharing for Kāinga Ora housing trial approved

In June 2023, the Electricity Authority approved two exemptions and technical and non-controversial amendments to the Electricity Industry Participation Code 2010 (the Code) to facilitate an energy sharing trial led by Kāinga Ora and Ara Ake.

The exemptions will enable Wellington Electricity Lines Limited, as the distributor, and Intellihub Limited, as the metering equipment provider, to form part of a multiple trading model which has the potential to play a role in reducing energy hardship.

The trial will take place in the Wellington region over five years and will enable energy sharing across selected Kāinga Ora housing.

solarZero

In June 2023, Ara Ake partnered with solarZero on an innovative winter 2023 peak solution for Aotearoa New Zealand's electricity system – enabling 30MW of additional network capacity on-demand.

This pilot allows Kiwis with solar and battery systems (approximately 11,000 homes) to contribute to the reliability of electricity supply across the nation.

The pilot between Ara Ake and solarZero will:

- Demonstrate how energy generated and stored by residential solar and battery systems can participate within the electricity market to provide additional capacity where there is a potential electricity supply shortfall.

- Build greater understanding within the energy industry of the capabilities required to facilitate a secure electricity supply into the future.
- Provide evidence to inform opportunities to evolve the electricity market by utilising distributed energy resources to manage peak demand.
- Provide insight into the role that households could play in balancing supply and demand, while potentially saving consumers money on electricity bills.

Empower Energy

Empower Energy is a New Zealand innovator, who has, with the support of Ara Ake, launched its platform that enables the donation of power bill credits to be distributed to families experiencing energy hardship.

Empower Energy is actively seeking platform partnerships, which will contribute to the continued development of the distribution platform, allowing it to become automated, self-sustaining and capable of assisting a large number of vulnerable families and individuals.

“Our partnership with Ara Ake has been instrumental in opening doors and giving guidance to allow us to succeed has been crucial. Co-funding gave us the confidence to leap into our development full-time, taking our idea to reality doing good for New Zealanders in need.”

Michael Fitzgerald – Chief Empowerment Officer, Empower Energy.

Connector, Facilitator, Research & Insights

Ara Ake has continued to foster relationships nationally and internationally and these have been strengthened by hosting several knowledge-sharing and connector events including the Offshore Renewable Energy Forum and the Reducing Energy Hardship Conference. Long-term collaboration with diverse partners is important in supporting the cohesion of the national energy ecosystem.

Offshore Renewable Energy Forum

In March 2023, Ara Ake and partner, Te Puna Umanga Venture Taranaki, hosted the third Offshore Renewable Energy Forum to explore the challenges and the significant opportunities for a successful offshore renewable energy industry across Aotearoa New Zealand.

The Forum brought together a diverse range of leading voices from industry, iwi, community, government, developers, and innovators, and aimed to facilitate discussion, collaboration and share knowledge on the opportunities of offshore renewable energy, the importance of social licence, as well as encourage feedback on the Ministry of Business, Innovation and Employment's "Enabling Investment in Offshore Renewable Energy" discussion document.

The Forum highlighted the importance of engaging and partnering with local communities throughout the process to ensure offshore renewable energy can be developed in a socially responsible manner. It also emphasised the importance of infrastructure as a key enabler and investment in infrastructure is essential to support the development, operation and growth of the sector.

Reducing Energy Hardship Conference

In May 2023, alongside Community Energy Network and WISE Charitable Trust, Ara Ake hosted the Reducing Energy Hardship Conference.

The event attracted over 200 in-person and online attendees, with representation from across the community, iwi groups, government, universities, technology and social innovators, as well as electricity generators, distribution businesses and retailers.

Day one focused on defining energy hardship and what it looks like, followed by perspectives from those in the community doing the mahi on the ground, along with the various energy hardship reduction initiatives currently in place.

The following day highlighted initiatives currently underway in the community energy space in Aotearoa New Zealand and overseas, and what technological and social innovations are breaking through.

Community energy guide

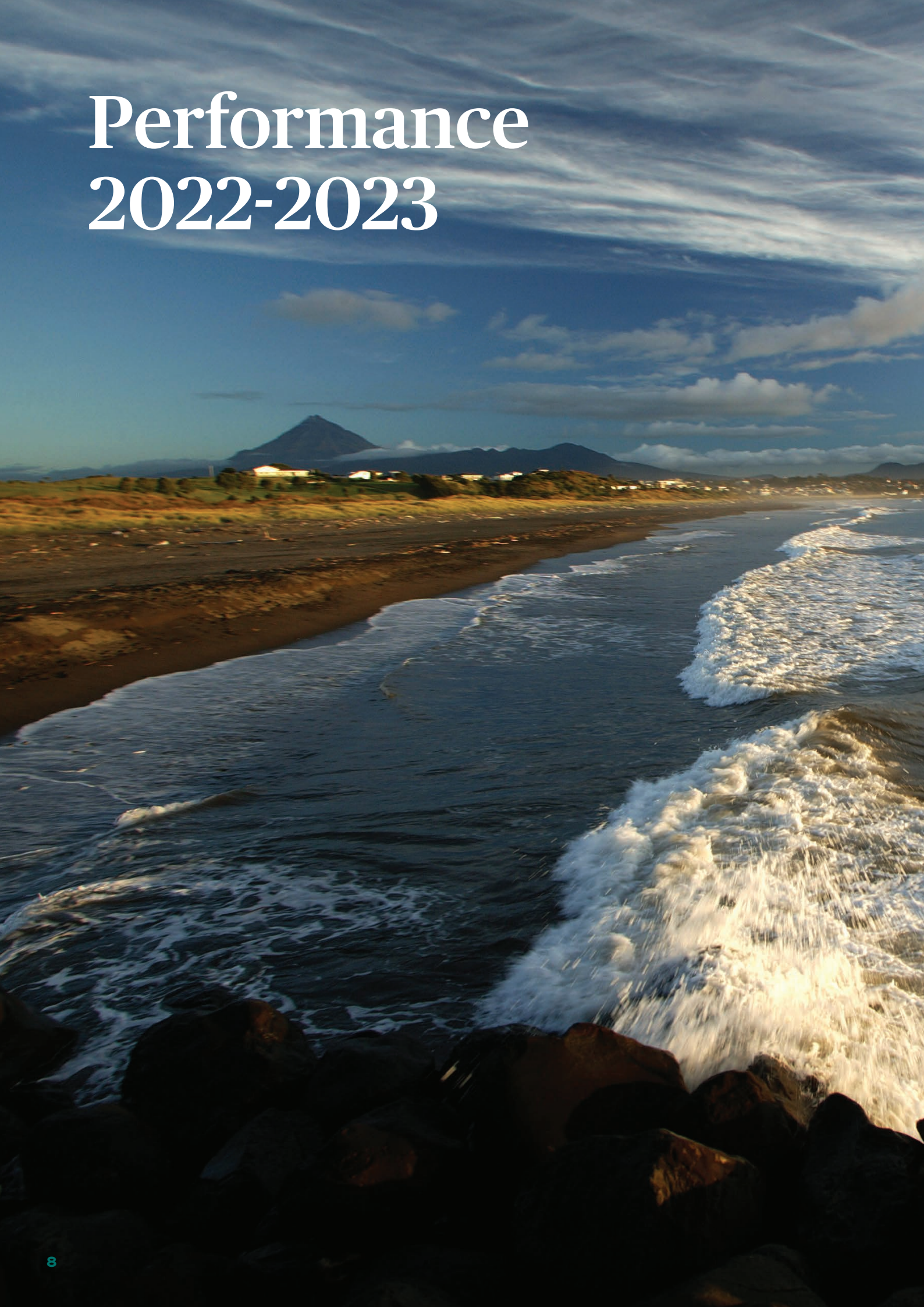
At the Reducing Energy Hardship Conference, the Community Energy How to Guide was also launched.

The purpose of the guide is to assist people in learning about community energy and help them decide if they want to embark on a community energy project (CEP). Coordinating the various steps involved in a CEP is a complex task, starting with a group of passionate individuals who value self-generation and energy independence, and extending to the construction of infrastructure, connection to services, and exporting electricity to the grid.

This guide is designed to serve all communities, recognising and acknowledging Māori as the Tangata Whenua of Aotearoa New Zealand. It aims to make community energy accessible to Māori and inspire everyone to act as stewards of the environment. The guide incorporates case studies from Māori-led projects and reflects the diversity of cultures in New Zealand.

araake.co.nz/community-energy-guide

Performance 2022-2023



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARA AKE LIMITED

Report on the Audit of the General Purpose Financial Report

Opinion

We have audited the general purpose financial report of Ara Ake Limited ("the company"), which comprise the entity information on pages 3 and 4, the statement of service performance on pages 6 to 9 and the financial statements on pages 10 to 30. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying general purpose financial statements present fairly, in all material respects:

- the financial position of the Company as at 30 June 2023, and its financial performance and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2023, in accordance with the Company's service performance criteria,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

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

In addition to audit services, BDO provides advice on systems and processes related to management reporting and corporate governance. We have no relationship with or interests in the Company.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Directors' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Company for:

(a) the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards RDR issued by the New Zealand Accounting Standards Board;

(b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards RDR; and

(c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Taranaki
New Plymouth
New Zealand
4 September 2023

Entity information

Ara Ake Limited

For the year ended 30 June 2023

'Who are we?', 'Why do we exist?'

The company was established to lead and facilitate the development of low-emissions energy innovation and technology in New Zealand. This is the company's third year of operation.

Legal Name of Entity

Ara Ake Limited

Entity Type and Legal Basis

Company

Registration Number

8043029

Entity's Purpose or Mission

To reduce the time, cost and risk associated with the development and commercialisation of energy innovation in Aotearoa by fostering a new energy ecosystem and leveraging national and global knowledge, as New Zealand transitions to a low emissions future.

Entity Structure

The company is owned by 15 shareholders. Each entity owns 1 Ordinary share.

The shareholders are:

- Taranaki Chamber of Commerce Incorporated
- Independent Electricity Generators Association
- Victoria University of Wellington
- Aotearoa Wave and Tidal Energy Association Incorporated
- Bioenergy Association of New Zealand Incorporated
- BusinessNZ
- Carbon and Energy Professionals New Zealand Incorporated
- Electricity Networks Association Incorporated
- Engineering Taranaki Incorporated
- Gas Association of New Zealand Incorporated

- Kiwi Innovation Network Limited
- National Energy Research Institute
- New Zealand Geothermal Association Incorporated
- New Zealand Wind Energy Association Incorporated
- The Liquefied Petroleum Gas Association of New Zealand Incorporated.

The Directors are:

- R J Campbell (Chair)
- EJ Trout (Deputy Chair)
- WJ Edwards
- RJ Shera
- BT Ropihini
- LM Anderson (Emerging Director).

Main Sources of Entity's Cash and Resources

Set monthly funding from the Ministry of Business, Innovation and Employment.

Entity's Reliance on Volunteers and Donated Goods or Services

None

Physical Address

8 Young Street, New Plymouth, New Zealand, 4310

Postal Address

PO Box 270, New Plymouth, New Zealand, 4340

Approval of financial report

Ara Ake Limited

For the year ended 30 June 2023

The Directors are pleased to present the approved financial report including the historical financial statements of Ara Ake Limited for year ended 30 June 2023.

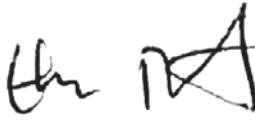
APPROVED



RJ Campbell

Director

Date: 4/09/2023



EJ Trout

Director

Date: 4/09/2023

Statement of service performance

Ara Ake Limited

For the year ended 30 June 2023

Ara Ake Limited Purpose

The purpose of Ara Ake Limited (“Ara Ake”) as stated in the Funding Agreement between Ministry of Business, Innovation and Employment (MBIE) and Ara Ake is as follows:

To foster a new energy eco-system, leveraging national and global knowledge to bridge the innovation “valley of death” by reducing the time, cost and risk associated with the development and commercialisation of energy innovation, as New Zealand transitions to a low-emissions future

Year Three (FY23) Key Activities

The following are the overarching goals and objectives set by MBIE for Year Three (FY23) as Ara Ake moved into the ‘Sustain’ phase of Ara Ake’s establishment.

Ara Ake and MBIE agree an annual plan and KPIs to give effect to the Work Programme contained within the Funding Agreement. 2022/23 activities and related KPIs are presented under the relevant Work Programme category below. Ara Ake also gathers qualitative data on its performance and this is also presented below where relevant.

A. Centre Establishment

The MBIE Work Programme required Ara Ake to have the core team on-board and service delivery underway. A digital platform was to be implemented and supporting service delivery.

Results

In 2022/23, three further roles were recruited (Research and Insights Analyst, Head of Innovative Partnerships, Energy Innovation Manager (this role is a partnership with Climate Connect Aotearoa in Auckland). This brought the number of roles to thirteen to support service delivery (described below).

The Ara Ake website supports delivery and is regularly updated with articles, tools, research and other details related to Ara Ake’s services. This website is supported by an integrated CRM system.

B. Business Model and Work Programme

This category was focused on the review of Ara Ake funding arrangements as the establishment funding agreement ended on 30 June 2023. The MBIE Work Programme for the ‘Sustain’ phase of Ara Ake’s

establishment required the outcomes of the Ministry Agreement Review to be assessed and review of the work programme and budget to be completed; an outyear strategy and work programme to be completed to support Ministerial decision-making on future funding arrangements.

Results

MBIE appointed Kalimena as consultants to carry out the Ministry Agreement Review and Ara Ake actively participated in the review process. This included responding to information requests, scenario modelling for financial forward plan, connecting Kalimena with relevant stakeholders to interview, reviewing and responding to drafts of the review report.

The outcome of the review was positive and Ministers approved a new ten-year funding agreement between Ara Ake and MBIE (from 1 July 2023). The new funding agreement includes the Ara Ake Impact Framework which sets out the short, medium and long-term outcomes we are working towards. These will be considered in future review processes.

Relevant KPI	Status/ comment
Ara Ake to actively participate in and support the review of the funding agreement with MBIE	Achieved. The new ten-year funding agreement is now in place from 1st July 2023.

C. Connecting and Completing the Ecosystem

The MBIE Work Programme required the fostering of beneficial international relationships and supporting the cohesion of the national energy ecosystem. This included demonstrating progress in facilitating national and international relationships between investors, researchers, energy participants and government.

Results

Ara Ake continued to develop relationships nationally and internationally. Domestic partnerships formed over the year include: Lincoln Energy Farm; Kāinga Ora; NIWA; University of Otago; Outset Ventures; Auckland Chamber of Commerce and Te Taumata (Māori Enterprise); Climate Connect Aotearoa; Counties Energy; Te Whatu Ora.

International partnerships included: Enterprise Ireland; New Energy Nexus; Catapult ES; Enterprise Europe Network; Google X; Solarge; ARENA; Amazon.

Ara Ake hosted a number of knowledge-sharing and connector events during the year, including: Ara Ake Forum (monthly with government agencies involved in energy innovation); Ara Ake Energy Update Forum (monthly with Taranaki energy sector representatives); Offshore Renewable Energy Forum; Reducing Energy Hardship Conference.

Participants in the Offshore Renewable Energy Forum and the Reducing Energy Hardship Conference were surveyed on their experience at the events and any ideas for improvement. Survey results were positive with the events receiving an NPS score of 43 and 57 respectively. Feedback from participants will be used to inform topics and format for future events.

We hosted an innovator showcase at the 2023 Downstream Conference to provide innovators the chance to connect with energy sector participants and discuss their innovations. Innovators were surveyed on their experience of the event and gave it an NPS score of 67.

Ara Ake also hosted a workshop with the MBIE National Energy Strategy Team and energy leaders in the Taranaki region in Q4.

Relevant KPIs	Status/ comment
Two new partnerships developed across New Zealand quarterly (signalled intention of parties to collaborate/ share information etc).	Achieved. Ara Ake developed nine national partnerships as outlined above.
One new partnership developed outside New Zealand quarterly.	Achieved. Ara Ake developed eight international partnerships as outlined above.
Ara Ake to support the New Zealand Government on the development of an energy strategy (note that exact timing will align with Government timeframes for this project).	Achieved. Workshop hosted with Taranaki energy leaders.
Attendance and/or presentation at relevant energy sector events.	Achieved. In addition the events hosted by Ara Ake, we presented at 21 events and attended 31 events.

D. Trusted Advisor

The MBIE Work Programme requires Ara Ake to provide targeted and tailored advice on energy innovation within the New Zealand energy ecosystem, including identifying opportunities for applying overseas technologies in New Zealand.

Results

One of our strategic focus areas over the course of the year was Knowledge-sharing. Work in this area included funding research into energy hardship with Raukawa Iwi; commissioning research into the State of the Energy Innovation sector; undertaking case studies of users of our Total Cost of Ownership tool for heavy freight; developing a Community Energy How-to Guide; updating and evolving our Energy Innovation Fund Navigator; developing an interactive tool to support on-farm energy options. We have also published 11 articles on our website.

Our Chief Executive has accompanied the Minister for Energy on delegations to Japan, US and Europe.

Relevant KPI	Status/ comment
One article published on Ara Ake's website publicising how it is directly supporting projects to bridge gap between development and commercialisation.	Achieved. 11 articles were published on our website over the year.

E. Research and technology development

The MBIE Work Programme requires Ara Ake to demonstrate progress in enabling an uplift in energy technology development and its successful application in New Zealand.

Ara Ake undertook two Challenges over the year – working with industry and communities to understand their challenges with moving to a low emissions future and helping to identify innovations to address these. The first was the Electricity Distribution Business (EDB) Challenge, working with 8 EDBs to define problems and undertaking a global search for innovators with solutions to these problems. A pitch event was held for the innovators to present their solutions and this led to a number of pilots which are described below.

Following the pitch event, Ara Ake surveyed participants to understand their experience, ways we could improve the process and event and what value it delivered. Participants gave the event an NPS score of 50, which is very positive.

The second Challenge is with Climate Connect Aotearoa and is looking at energy sharing solutions in Tāmaki Makaurau.

Ara Ake has supported the development and advancement of 10 testbed and pilots across the year. These include:

- Vertus Taranaki biogas pilot in Taranaki
- Vortex Power Systems pilot in Tairāwhiti
- Solarge solar PV installation at Ara Ake premises
- solarZero winter 2023 peak innovation pilot

- Two Multiple Trading Relationships pilots with Our Energy (using their platform to enable the two pilots), Thundergrid and a Hawkes Bay farm.

The EDB Challenge resulted in 4 pilots with relevant EDBs:

- Gridsight – Statement of Works Agreements are in place with both Orion and Waipa. Pilots are underway.
- ANSA – A collaborative Statement of Works Agreement is in place with Aurora, Orion and The Lines Company. Pilot is underway.
- Future Grid – Progressing the final stages of the Statement of Works Agreements with Powerco and Wellington Electricity.
- A further pilot between Plexigrid and Counties Energy also arose out of the EDB Challenge.

Commercialisation support was offered to 14 innovators to help advance the development, commercialisation and demonstration of their innovations, some of this support resulted in pilots described above: Empower Energy; Powerhouse Wind; Drillco; Vertus Energy; Vortex Power Systems; Osho; Gridsight; Future Grid; ANSA; Aotea Energy; Plexigrid; solarZero; Our Energy; SLB Energy.

Relevant KPIs	Status/ comment
Two Ara Ake Challenges delivered across New Zealand (working directly with industry and community to identify problems for innovative solutions).	Achieved. Two challenges were delivered as outlined above.
Two Ara Ake testbeds deployed across New Zealand.	Achieved. 10 testbed and pilots were supported and advanced as outlined above.
Two new energy innovators offered targeted commercialisation support (quarterly).	Achieved. Targeted commercialisation support was provided to 14 innovators, as outlined above.

F. Business Opportunities Pathways to Commercialisation

The MBIE Work Programme requires the ongoing growth and assessment of opportunities pipeline, to identify and select future projects. This includes identifying opportunities to be commercialised and projects in progress.

Results

We take a portfolio approach to help maintain a balance of projects across the system and Ara Ake's Impact Framework is embedded in our opportunity assessment processes to ensure our activities align to our desired outcomes.

Opportunities are added to Ara Ake's pipeline on an ongoing basis and are evaluated by the team against our Impact Framework to identify which opportunities to scope more fully for consideration by our Board.

Relevant KPIs	Status/ comment
Five new opportunities added to the opportunities pipeline quarterly.	Achieved. Opportunities move through the pipeline as they are assessed. At 30 June 2023 we had 23 opportunities in our pipeline.
Balanced portfolio of projects being identified, assessed and delivered.	Achieved. At 30 June 2023, our project portfolio included 24 live projects across the activity areas of Ara Ake Challenges (demand-led innovation); adapt and adopt global innovations; commercialisation support to NZ innovators; setting up pilots and testbeds; research and insights.

G. Core purpose alignment

The MBIE Work Programme requires demonstration of a shift towards a low-emissions energy future for New Zealand.

Results

The long-term impact that Ara Ake is working towards is that the use and generation of energy is clean, resilient, equitable and supports the transition to a low-emissions Aotearoa New Zealand. This is embedded within our Impact Framework and all opportunities are assessed based on their contribution to this outcome. The activities described across the categories above demonstrate activity with a focus on lowering emissions. For the pilots, testbed and other projects we are currently supporting, it is too early to be able to articulate their contribution to lowering New Zealand's carbon emissions. Reporting against our Impact Framework measurement indicators provides us with a baseline from which to measure progress towards this goal (note that 2022/23 is our first year of reporting against these measurement indicators).

Comparative information

Comparative information has not been provided for the prior year due to the changes in goals for year three. If readers/ stakeholders would like further information, please refer to the Statement of Service Performance included in the company's 2022 Annual Report.

i NPS stands for Net Promoter Score and is based on how likely participants are to recommend the event to a friend or colleague. The score is read along of scale of -100 to 100, any score above 0 is positive and a score above 30 is very good.

Statement of financial performance

Ara Ake Limited

For the year ended 30 June 2023

	NOTES	2023	2022
REVENUE			
Government grants	2	9,255,275	3,091,656
Interest, dividends and other investment revenue	1	331,548	20,124
Other revenue	1	108,578	80,013
Revenue from providing goods or services	1	330,898	24,184
Total Revenue		10,026,298	3,215,976
EXPENSES			
Depreciation and amortisation		77,412	76,410
Employee benefit costs	3	1,583,240	1,075,480
Grants and donations made	3	312,580	409,849
Operating expenses	3	1,828,179	1,409,567
Total Expenses		3,801,410	2,971,306
Surplus/(Deficit) for the Year		6,224,889	244,670
INCOME TAX EXPENSE			
Income tax expense	4	27,457	(45,085)
Surplus after tax		6,197,431	289,755
SURPLUS ATTRIBUTABLE TO:			
Owners of the entity		6,197,431	289,755
TOTAL COMPREHENSIVE REVENUE AND EXPENDITURE ATTRIBUTABLE TO:			
Owners of the entity		6,197,431	289,755

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Statement of financial position

Ara Ake Limited

As at 30 June 2023

	NOTES	2023	2022
ASSETS			
Current assets			
Bank accounts and cash	5	9,507,006	12,274,129
Debtors and prepayments		107,605	46,579
Other current assets	6	6,126,114	0
Tax refund	4	91,723	7,488
Total Current assets		15,832,448	12,328,196
Non-current assets			
Deferred tax asset	4	17,628	45,085
Intangible assets	7	26,277	33,936
Property, plant and equipment	8	211,334	244,517
Repayable grants	9	190,000	0
Total Non-current assets		445,239	323,538
Total Assets		16,277,688	12,651,733
LIABILITIES			
Current liabilities			
Credit cards		6,425	7,146
Employee benefit liabilities	11	98,815	64,167
GST payable		129,904	168,222
Non-exchange revenue received in advance	2	8,953,514	11,615,900
Payables (from exchange transactions)	10	175,656	80,344
Total Current liabilities		9,364,314	11,935,779
Non-current liabilities			
Hire Purchase – Vodafone		17	29
Total Non-current liabilities		17	29
Total Liabilities		9,364,331	11,935,808
NET ASSETS		6,913,356	715,925
EQUITY			
Contributed equity	12	(0)	(0)
Accumulated comprehensive revenue and expenditure		6,913,356	715,925
Total Equity		6,913,356	715,925

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Statement of changes in equity

Ara Ake Limited

For the year ended 30 June 2023

	2023	2022
Equity		
Opening Balance	715,925	426,170
Total comprehensive revenue and expenditure for the period	6,197,431	289,755
Total Equity	6,913,356	715,925

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Statement of cash flows

Ara Ake Limited

For the year ended 30 June 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from providing goods or services	435,005	100,231
Proceeds from Government funding	6,592,889	8,800,000
Payments to suppliers and employees	(3,337,982)	(3,136,259)
Income Tax paid	(84,235)	(7,488)
Net GST Paid	(28,504)	(14,215)
Donations or grants paid	(502,580)	0
Total Cash Flows from Operating Activities	3,074,594	5,742,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest, dividends and other investment receipts	312,535	20,124
Proceeds from sale of property, plant and equipment	174	0
Payments for purchase of property, plant and equipment	(27,348)	(259,850)
Payments for purchase of intangibles	(19,964)	(32,632)
Payments for purchase of investments	(6,107,101)	0
Payments for other investing and financing activities	(12)	0
Total Cash Flows from Investing Activities	(5,841,716)	(272,359)
NET INCREASE/(DECREASE) IN CASH	(2,767,122)	5,469,911
BANK ACCOUNTS AND CASH		
Opening cash	12,274,129	6,804,218
Net change in cash for period	(2,767,122)	5,469,911
Closing cash	9,507,006	12,274,129

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Statement of Accounting Policies

Ara Ake Limited

For the year ended 30 June 2023

1. Statement of Accounting Policies

1.1 Reporting entity

These financial statements are for Ara Ake Limited (the 'Company'). Ara Ake is a company registered under the New Zealand Companies Act 1993.

In adopting its constitution, the Company has met the requirements to be a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013 and the Companies Act 1993.

The financial statements were authorised for issue by the Directors on 4 September 2023.

2. Summary of significant accounting policies

2.1 Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). The Company applies Tier 2 PBE Standards and disclosure concessions under the Reduced Disclosure Regime ("PBE Standards RDR"). The Company is eligible to report in accordance with Tier 2 PBE Standards RDR because it does not have public accountability and it is not large.

Going concern

Management and the Directors are not aware of any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis and no additional disclosures are made in the financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis, except as otherwise indicated below.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar (\$). The functional currency of the Company is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies in the period. Accounting policies have been applied consistently throughout the period.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

2.2 Revenue

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that economic benefits will flow to the company and is measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the company's revenue streams must also be met before revenue is recognised.

Revenue from non-exchange transactions

Non-exchange transactions arise where an entity receives value from another entity without giving approximately equal value in exchange. Revenue streams defined as non-exchange are the Ministry of Business, Innovation and Employment (MBIE) funding agreement as well as other grants and donations and items of revenue that are not included under exchange transactions.

Grants and donations

The recognition of non-exchange revenue from grants and donations depends on the nature of any stipulations attached to the grants received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Company to return the funds received if they are not utilised in the way stipulated, resulting in the recognition of a liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Company to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a

non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Grants received by Ara Ake Limited from MBIE are the primary source of funding and have been granted in accordance with terms agreed between the two parties for the establishment of the National New Energy Development Centre. Grant income is recognised as revenue when the requirements under the agreement have been met. Any grant income for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Services In-Kind

There is no financial recognition of support given in the form of donated services, labour or goods included in the financial statements.

Interest

Income from interest is recognised when the entity's right to payment is established, and the amount can be reliably measured.

Goods and services

Income from providing good and services is recognised when the good or service has been provided and payment is receivable.

Leases

Income from leases is recognised when payment is due.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.4 Property, plant and equipment

Property, plant, and equipment consists of the following asset classes: computer equipment, office equipment, leasehold improvements and IT.

(i) Additions

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

(ii) Subsequent expenditure

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with

the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

(iii) Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

(iv) Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives and is recognised in surplus or deficit.

The estimated useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of asset depreciated	Estimated useful life	Depreciation rates
Computer equipment	3 years	40% – 100%
Office equipment	3-12 years	7.0% – 100%
Leasehold improvements	10-14 years	7.0% – 13.5%
IT	1-3 years	40% – 100%

Subsequent to initial recognition, property, plant and equipment is measured using the cost model.

2.5 Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company. Operating lease payments are recognised as an other expense in surplus or deficit on a straight-line basis over the lease term.

2.6 Intangible assets

Intangible assets are initially recorded at cost.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Amortisation of intangible assets is provided on a straight-line basis that will write off the cost of the intangible asset to estimated residual value over their useful lives.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset. All other expenditure is recognised in surplus or deficit.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of intangible assets have been estimated as follows:

Class of intangible asset	Estimated useful life	Amortisation rates
Digital platform costs	2.5 years	40%

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.7 Trade and other payables

Short-term creditors and other payables are recorded at their face value.

2.8 Employee entitlements

(i) Short-term employee entitlements

Short-term employee benefit liabilities are recognised when the company has a legal or constructive obligation to remunerate employees for services provided that are expected to be settled wholly before 12 months after the reporting date. Short-term employee benefits are measured on an undiscounted basis and expensed in the period in which the employment services are provided.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees.

2.9 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of financial performance.

Current tax is the expected tax payable or receivable on the taxable surplus or deficit for the period, using tax rates enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets

and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same taxation authority on either, the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible timing differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.10 Goods and services tax

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

Commitments and contingencies are disclosed exclusive of GST.

2.11 Financial instruments

The Company initially recognises financial instruments when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognises financial assets and financial liabilities when there have been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies financial assets into the following categories:

- loans and receivables

The Company classifies financial liabilities into the following categories:

- amortised cost

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument and is specifically detailed in the accounting policies below:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents represent highly liquid investment that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised costs comprise payables (from exchange transactions).

Impairment of non-derivative financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets classified as loans and receivables

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables or held-to-maturity financial assets. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Individual trade receivables that are known to be uncollectible are written off when identified, along with associated allowances. Loans, together with associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

3. Critical accounting estimates and judgements

(a) Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

(b) Critical judgements

Revenue recognition – non-exchange revenue

Management have applied critical judgements in assessing the funding revenue recognised as revenue in the statement of financial performance in respect of determining when the requirements under the agreement with MBIE have been met. Any funding for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled. Refer to note 2.

(c) Statement of Service Performance

In preparing the Statement of Service Performance for the period the entity has made a number of significant judgements about which information to present, based on an assessment of what information would be most appropriate and meaningful to users when assessing performance against the entity's objectives.

The decisions about which service performance information to present are consistent with the information presented in the Ministry of Business, Innovation and Employment (MBIE) Annual Report.

The judgements that had the most significant effect on the non-financial information presented related to the selection of information about what the entity has done in the period the "key activities" as reported (and the selection of performance measures for each key activity identified). This included the appropriateness of including comparative information in relation to the previous year.

The selection of key activities has been based on the Work Programme that the entity is required to deliver to MBIE in Year Three and as a result three key strategic initiatives were identified that would best illustrate what the entity has done in pursuit of its objective.

The entity decided to base its service performance measures around the outcome of the key activities that had been set by MBIE, because this information is already retained for reporting to MBIE and for internal reporting purposes.

The performance measures are designed to inform:

- the entity's effectiveness and progress in meeting the MBIE's agreed work programme for Year Three of Ara Ake Limited;
- the entity's effectiveness in initiating the key strategic initiatives under the Business Model and Work Programme;
- the entity's commitment to building relationships, connecting the ecosystem and fostering business opportunities to establish relationships with energy innovators across the world.

Outputs and outcomes are aggregated from information contained in the monthly reporting to MBIE.

Notes to the financial statements

Ara Ake Limited

For the year ended 30 June 2023

1. Analysis of revenue

	2023	2022
Revenue from non-exchange transactions		
Core MBIE Funding	9,255,275	3,091,656
Total Revenue from non-exchange transactions	9,255,275	3,091,656
Revenue from providing goods or services		
Co-facilitation/sponsorship – Workshop and events	130,724	24,184
EDB challenge contributions	200,000	0
Total Revenue from providing goods or services	330,724	24,184
Interest, dividends and other investment revenue		
Interest income	331,548	20,124
Total Interest, dividends and other investment revenue	331,548	20,124
Other revenue		
Depreciation recovered	174	0
Lease income	108,578	80,013
Total Other revenue	108,752	80,013

2. Non-exchange revenue received in advance

	2023	2022
Opening balance	11,615,900	5,907,556
Revenue received during the period	6,592,889	8,800,000
Revenue recognised in the statement of financial performance on completion of contractual obligations	(9,255,275)	(3,091,656)
Revenue for which contractual obligations were not complete at 30 June 2023	8,953,514	11,615,900

Government Grants – Ministry of Business, Innovation and Employment (MBIE)

The Company receives grants from MBIE to accelerate the development and commercialisation of energy innovation to support the transition to a low-emissions future in Aotearoa.

This liability relates to funding received in advance by the Company from MBIE. The contractual obligations deliverable by the Company as required in the contract were either not completed as at 30 June 2023 or not due to be completed until future financial periods.

2. Non-exchange revenue received in advance (continued...)

Committed Costs

As at 30 June 2023, Ara Ake Limited had the following committed costs.

Operational	\$520,086
Employee	\$173,885
Non-Repayable Grants	\$4,552,550
Repayable Grants	\$880,000
Total	\$6,126,521

3. Analysis of expenses

	2023	2022
Surplus before income tax includes the following specific expenses:		
Governance costs	0	25,876
ICT expenses	66,589	52,749
Insurance	64,122	54,190
Accounting services	0	14,826
Taxation services	18,725	15,725
Professional services – note 3(b)	633,772	453,715
Legal fees	4,610	36,237
Recruitment and training	23,502	35,391
Rental and lease expenses	194,493	146,359
Sponsorship	74,108	70,370
Stakeholder Engagement and communication	189,962	54,021
Travel and accommodation	177,448	35,554
Vehicle expenses	16,759	16,773
Directors' remuneration (note 14)	260,000	257,778
Fees to auditors in respect of audit services	23,000	38,000
Fees to auditors in respect of other services	11,572	14,498
Volunteer and employee related costs		
Salaries and wages	1,537,173	1,045,703
Pension costs – defined contribution plan	46,067	29,777
Total Volunteer and employee related costs	1,583,240	1,075,480
Grants and donations made		
Project support grants	312,580	409,849
Total Grants and donations made	312,580	409,849

Note 3(b) – Professional services

	2023	2022
Professional services		
Professional services – consultant	182,578	149,564
Professional services – non-consultant	451,194	304,151
Total Professional services	633,772	453,715
Consultant fees		
BRG Limited	32,259	0
Clara Matesanz	0	7,840
CleanP2P	0	87,826
Martin Jenkins	71,224	0
Pacific Advisors Limited	20,000	33,333
Other	59,095	20,565
Total Consultant fees	182,578	149,564

4. Income tax

	2023	2022
Tax expense		
Current tax	0	0
Deferred tax	27,457	(45,084)
Total Tax expense	27,457	(45,084)
Surplus before tax	6,224,889	244,670
Tax at 28%	1,742,969	68,508
Plus / (less) tax effect of:	0	0
Permanent differences	(1,634,175)	(41,915)
Available tax losses not previously recognised	(81,337)	(71,677)
Tax expense	27,457	(45,084)
Tax refund due	91,723	7,488
Current tax		
Asset as at 1 July	7,488	-
Current year tax expense	-	-
Tax refunded during the year	3,273	-
RWT received	87,508	7,488
Asset as at 30 June	91,723	7,488
Deferred tax		
Balance as at 1 July	45,084	-
Current year movement	(27,457)	45,084
Deferred tax asset	17,627	45,084

5. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	9,507,006	12,274,129
Total Cash and cash equivalents	9,507,006	12,274,129

6. Other current assets

	2023	2022
Accrued interest income	19,013	0
Term deposit – ASB – 5.95% maturing 12 December 2023	2,107,101	0
Term deposit – ASB – 6.33% maturing 13 June 2024	4,000,000	0
Total Other current assets	6,126,114	0

7. Intangible assets

Cost or valuation	Digital platform \$
Opening cost at 1 July 2022	79,307
Additions	19,964
Disposals	-
Closing cost at 30 June 2023	99,271
Accumulated Depreciation	
Opening accumulated depreciation at 1 July 2022	45,371
Less current year depreciation	27,623
Closing accumulated depreciation at 30 June 2023	72,994
Opening net book value at 1 July 2022	33,936
Closing net book value at 30 June 2023	26,277

8. Property, plant and equipment

Cost or valuation	Computer Equipment	IT	Leasehold Improvements	Office Equipment	Total
	\$	\$	\$	\$	\$
Opening cost at 1 July 2022	59,682	15,352	174,485	62,082	311,601
Additions	11,586	-	-	5,020	16,606
Disposals	695	-	-	-	695
Closing cost at 30 June 2023	70,573	15,352	174,485	67,102	327,513
Accumulated Depreciation					
Opening accumulated depreciation at 1 July 2022	37,409	5,122	9,934	14,619	67,084
Plus current year depreciation	20,368	5,846	13,952	9,624	49,790
Less disposals	695				695
Closing accumulated depreciation at 30 June 2023	57,082	10,968	23,886	24,243	116,179
Closing net book value at 30 June 2023	13,491	4,384	150,599	42,859	211,334

9. Repayable grants

	2023	2022
Repayable grants due	190,000	0
Total Repayable grants	190,000	0

Repayable grant of \$380,000 to be repaid in full, interest free, at the earlier of

- completion of capital raise, expected September 2025
- instalments of at least \$20,000 per month starting at the earlier of completion of planned capital raise, or September 2025. The final instalment being due no later than March 2027

10. Payables (from exchange transactions)

	2023	2022
Trade payables	(149,633)	(64,590)
Accrued expenses	(26,023)	(15,754)
Total Payables (from exchange transactions)	(175,656)	(80,344)

11. Employee benefit liabilities

	2023	2022
Short-term employee benefits	(98,815)	(64,167)
Total Employee benefit liabilities	(98,815)	(64,167)

12. Equity

The company has the following ordinary shares:

Ordinary shares

	2023	2022
Unpaid shares	15	15

The ordinary shares have a par value of \$1 per share. At 30 June 2023, all shares remained unpaid.

Each shareholder holds one share in the Company. Under the Constitution, the shareholders derive no benefit.

13. Financial instruments

The company holds the following financial instruments

Financial instruments

	2023	2022
Financial assets		
Loans and receivables		
Accounts receivable	10,073	5,307
Cash and cash equivalents	9,507,006	12,274,129
Repayable grants due	190,000	0
Term deposits	6,107,101	0
Total Loans and receivables	15,814,181	12,279,436
Total Financial assets	15,814,181	12,279,436
Financial liabilities		
Liabilities at amortised cost		
Credit cards	(6,425)	(7,146)
Payables (from exchange transactions)	(149,633)	(64,590)
Total Liabilities at amortised cost	(156,058)	(71,736)
Total Financial liabilities	(156,058)	(71,736)

14. Capital commitments and operating leases

Capital commitments

	2023	2022
As at 30 June 2023 the company had no capital commitments	0	0

Commitment to lease property, plant and equipment

	2023	2022
The Company leases property, plant and equipment in the normal course of its business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:	0	0
Not later than one year	144,320	158,432
Later than one year and not later than five years	280,312	4,164
Total Commitment to lease property, plant and equipment	424,632	162,596

The company has entered into operating leases for the land and buildings and a vehicle.

Land and buildings at 8 Young Street, New Plymouth

- Rights of renewal – two rights of renewal of three years each, first renewal June 2023
- Contingent rent – nil
- Restrictions – nil

Vehicle – Tesla Model 3 • Rights of renewal – nil

- Contingent rent – nil
- Restrictions – nil

15. Contingent liabilities and guarantees

There are no contingent liabilities or guarantees as at 30 June 2023 (Last year – Guarantee of \$15,000 relating to the ASB Travel Card which expired on 31 August 2022).

16. Related party transactions – key management personnel remuneration

The Company classified its key management personnel into the following categories:

- Directors (of the governing body)
- Executive Officer
- Operating Officers

Members of the governing body are paid an annual fee, with additional payments given to respective directors for appointment as Chairman and Deputy Chair, and for additional services in their capacity as a director. Executive Officers and Operating Officers are employees of the Company, on normal employment terms. The Director's remuneration for the year is presented below:

Campbell Robert	Chair	80,000
Trout Elena	Deputy Chair	60,000
Edwards William		40,000
Ropitini Brian		40,000
Shera Richard		40,000
		260,000

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and 'full time-equivalents' (FTE's) in each class of key management personnel is presented below:

As at 30 June 2023	Remuneration	Number of Individuals	FTE
Directors	\$260,000	5	-
Executive officers	\$873,060	5	5
Operating officers	\$564,237	6	5.5

As at 30 June 2022	Remuneration	Number of Individuals	FTE
Directors	\$257,778	5	-
Executive officers	\$779,583	4	3.8
Operating officers	\$394,813	5	4.5

Employee Remuneration

The following number of employees of the Company received remuneration in excess of \$100,000 during the period in their capacity as employees

Band	Number of employees 2023	Number of employees 2022
\$100,000 – \$109,999	3	0
\$110,000 – \$119,999	1	0
\$120,000 – \$129,999	1	0
\$160,000 – \$169,999	0	1
\$190,000 – \$199,999	2	0
\$270,000 – \$279,999	0	1
\$280,000 – \$289,999	1	0

17. Transactions with related parties

	2023	2022
Receipts		
Hiringa Energy – The partner of Caroline Lepper, a staff member works at Hiringa Energy – not in an ownership/director role	83,907	65,820
Environmental Protection Authority – Rob Campbell, Board Chair, was the Board Chair	870	0
Taranaki Chamber of Commerce – The wife of Jonathan Young, a staff member, works at TCC – not in an ownership/director role. TCC is also a shareholder of Ara Ake	217	0
Western Institute of Technology – Jonathan Young, a staff member, is the Editor of their monthly 'Energy Education' newsletter	11,522	0
Total Receipts	96,515	65,820
Payments		
Auckland University of Technology – Rob Campbell, Board Chair, is an AUT Chancellor	19,144	15,785
Lowndes Jordan – Rick Shera, a Board member, is a Lowndes Jordan partner	1,677	135
Mana Consulting NZ Ltd – Brian Ropitini, a Board member, is the Owner/ Director. (NOTE: Work was undertaken before he became a board member)	0	3,334
Our Energy – Rob Campbell, Board Chair, was a shareholder till June 2023 and his son owns the company	26,357	54,000
Taranaki Chamber of Commerce – The wife of Jonathan Young, a staff member, works at TCC – not in an ownership/director role. TCC is also a shareholder of Ara Ake	9,865	5,779
Martin Jenkins – The partner of Jono Barnard, a staff member works at Martin Jenkins – not in an ownership/director role	71,224	0
Tui Ora Ltd – Will Edwards, Board member, is a Director	0	9,875
Western Institute of Technology – Jonathan Young, a staff member, is the Editor of their monthly 'Energy Education' newsletter	13,043	525
Pacific Advisors – Lovina McMurchy, former Board Member, is the Director/ Shareholder	0	33,333
Carbon and Energy Professionals New Zealand Incorporated – A shareholder	3,000	0
New Zealand Geothermal Association – A shareholder	6,000	0
Total Payments	150,310	122,766

18. Related party – register of board interests

Interests during year ended 30 June 2023

Rob Campbell

Te Whatu Ora
NZ Rural Land Co
LamCam Ltd
Our Energy
Paua Wealth Management
He Toutou Mo Te Ahika Trust
Auckland University of Technology
Our Energy
Environmental Protection Agency

Elena Trout

Contact Energy
Harrison Grierson
EECA
Callaghan Innovation
Ngāpuhi Asset Holding Company Limited
MOD/NZDF
Hāpaitia Ltd
Waihanga Ara Rau Construction and Infrastructure Council
Citycare Ltd
Spencer Henshaw (owned by Citycare Ltd above)
Te Rāhui Herenga Waka
WorkSafe Audit and Risk Committee
Opuha Water Ltd

Will Edwards

Health Research Council of New Zealand
MOMWD Trustee Limited
Parininihi ki Waitotara Incorporation
Parininihi ki Waitotara Trust
R&R Edwards Whānau Trustee Ltd
Tāngahoe Tribal Trust
Taumata Associates Ltd
Te Kupenga Mātauranga o Taranaki Trust
Te Reo o Taranaki Trust
Tui Ora Ltd
Taranaki Regional Skills Leadership Group
Papatapu Papakainga Research Project
Te Kura mai i tawhiti
Te Puni Kōkiri Long
ESR Māori Data Leadership Group
Ageing Well National Science Challenge
Haumarū Tangata ACC Project Advisory Board Te Whare
Wānanga o Awanuiārangi

Rick Shera

KPIT Trustee Company Limited
Milic Trustee Services Limited
Bollen Trustee Services Limited
Johnston Trustee Services Limited
Oliver NZ Trustee Services Limited
Bycroft Trustee Services Limited
Kaehler Trustee Services Limited
CMP Trustee Limited

Brian Ropitini

Wells Group
Taranaki Health Foundation Trust
Te Hanataua Ahu Whenua Trust
Mana Consulting NZ Ltd
Obsolescence Clothing Ltd
JR & BT Investments Ltd
Taranaki Regional Skills Leadership Group

Loren Anderson (Emerging Director)

EHL/ Azura

19. Events after the balance date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report.

20. Ability to continue operating

Management and the Directors are not aware of any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis and no additional disclosures are made in the financial statements.

Management and Directors believe the company is in a strong financial position with a solid foundation that supports its ongoing operations, possessing ample liquidity to fund its current operations and potential future investments.



**Ara
Ake**

Future
Energy
Development

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