CK William UK Holdings Limited

Company Number 10004346

Annual Report - 31 December 2021

The directors present their strategic report on the consolidated entity for the year ended 31 December 2021.

Principal activities

Through its Australian subsidiary CK William Australia Holdings Pty Ltd, the business controls (refer note 11), Dampier Bunbury Natural Gas Pipeline Trust and its controlled entities (DBP or Dampier Bunbury Pipeline), AGI Development Group Nominees Pty Limited and its controlled entities (AGID), Energy Developments Pty Limited and its controlled entities (EDL or Energy Developments), United Energy Distribution Holdings Limited and its controlled entities (UE or United Energy) and Multinet Group Holdings Limited and its controlled entities (MG or Multinet Gas).

DBP is Western Australia's principal gas transmission pipeline. It is the only pipeline connecting the natural gas reserves of the Carnarvon basin on Western Australia's North West Shelf with industrial, commercial and residential customers in Perth and the surrounding regions. Natural gas supplies approximately 50% of total primary energy consumption in Western Australia.

AGID owns and operates gas pipelines in the Pilbara region and owns and operates WA's biggest gas storage facility as well as the Tanami Pipeline in the Northern Territory.

EDL owns and operates electricity generation assets using variety of fuel sources in Australia, North America and Europe.

UE's primary activities are distribution of electricity from Victoria's transmission network to the premises of residential, commercial and industrial electricity users enabled via the ongoing construction, augmentation and maintenance of its electricity network in Victoria, Australia.

MNG's primary activities are the distribution of gas to the premises of residential, commercial and industrial gas users and the construction and maintenance of its gas network in Victoria, Australia

The primary activity of CK William UK Holdings Limited is a holding company.

Review of operations

The profit after tax for the group for the year is $199.9 million (2020: $223.1 million.)

	2021 $'million	2020 $'million	Change $'million	Change %
Revenue	1,804	2,012	(208)	(10%)
Other gains	40	35	5	14%
Expenses	1,212	1,306	(94)	(7%)
Finance expenses	360	423	(63)	(15%)
Income tax expense	82	98	(16)	(16%)
Profit after income tax expense	200	223	(23)	(10%)

The decrease in revenue from 2021 is due to unfavourable distribution revenue (DUoS revenue), transportation revenue, green credit revenue and customer contribution and gifted assets, driven by lower consumptions recontracting, government policy changes and accounting policy changes. The decrease in expenses is driven by lower depreciation and amortisation expense and lower provision expenses. The decrease in finance expenses is driven by reduced loan interest due to the decrease in floating interest rates.

Income tax expense for the year was $82.0 million (2020: $98.2 million) which represents an effective tax rate of 29.1% (2020: 30.6%).

Revenue and operating profit by operating entity is summarised as follows:

	Revenue 2021	Revenue 2020	Operating profit* 2021	Operating profit* 2020
	$' million	$' million	$' million	$' million
DBP & AGID	388	437	229	274
EDL	573	618	65	29
UE	598	725	186	308
MG	245	232	145	136
Other	-	-	17	(3)
	1,804	2,012	642	744

* Operating profit represents profit / (loss) before income tax expense less finance expenses.

DBP & AGID
DBP's operating profit decreased by $76 million, mainly due to lower transportation revenue associated with the recontracting initiative undertaken.

EDL
EDL revenue decreased significantly by $45m compared to prior year mainly due to Waste Coal Mine Gas (WCMG) is no longer being eligible for Large-scale Generation Certificates (LGCs). The increase in operating profit is primarily due to higher depreciation recognised in prior year.

UE
UE's revenue decreased by $133 million mainly due to $88 million lower distribution and prescribed metering revenue as the start of a new regulator period and a decrease in the regulated WACC and $43 million customer contribution and gifted assets no longer recognised in 2021 due to a change in accounting policy. Operating expenses increased primarily due to increased salaries and benefits by $2 million, insurance by $1.6 million due to increased bushfire risk and provision by $2.5 million for June and October storm events.

MG
MG demonstrated strong financial performance in 2021, with an increase in operating profit of $14 million. The result was driven by higher revenue of $8 million in the year due to higher distribution revenue arising from an increase in higher Industrial and Commercial (I&C) revenue associated with the unwinding of the COVID-19 provision raised in 2020, lower operating expenses in lower operating, maintenance, service costs and write back of the environmental provision.

All four operating entities delivered strong cash operating results in 2021.

The consolidated entity continues to invest significantly in replacement and growth capital assets in each operating business to maintain strong operating results. A breakdown by property, plant and equipment additions by entity is below:

	2021	2020
	$' million	$' million
DBP & AGID	130	65
EDL	225	176
UE	160	192
MG	90	94
	605	527

Key performance indicators
The four major operating groups each maintain separate financial and non-financial key performance indicators (KPI). The consolidated entity's KPI's focus on safety, reliability and financial performance.

Safety management
Safety is our number one priority across the consolidated entity. This is measured using multiple KPIs across the consolidated entity. Each operating group implements policies and procedures to ensure safety and well-being of employees.

DBP, EDL and MG use lost time injuries to employees and contractors as a key KPI. During the year, the number of lost time injuries incurred was 2 against the target of 0 (2020: 4 lost time injuries against a target of 0).

DBP, MG and UE use significant health and safety incidents or potential fatal risk incidents as a key KPI. During the year, the number of potential fatal risk incidents incurred was 9, below the target of 10 (2020: 16 potential fatal risk incidents against a target of 10).

Reliability
Given the differences in operations across the CK William Group, there is no consistent reliability metric that is applied to each group, rather each group has a specific reliability KPI.

DBP uses available hours for measuring reliability. In 2021, DBP did not meet target reliability KPIs with compressor station available 99.35% against a target of 98%, 10MW Certrifugal Compressor available 87.33% against a target of 91%, and Reciprocating Compressor available 86.76% against a target of 91% (2020: compressor station 99.88% available against a target of 98%; 10MW Certrifugal Compressor 88.22% available against a target of 91%; Reciprocating Compressor 96.22% available against a target of 91%).

EDL uses generation of GigaWatt hours as the reliability metric. EDL generated 4,859 GWh against a target of 5,006 GWh (2020: 5,207 GWh generated against a target of 5,314 GWh).

UE uses Service Target Performance Incentive Scheme results, which includes a financial impact from reliability of supply. UE achieved $15 million against a target of $8 million (2020: $22.5 million achieved against a target of $10 million).

MG uses multiple measures of reliability including number of supply interruptions, number of customers with 3 or more disruptions and disruptions not restored within 12 hours. MG did not meet target reliability KPIs with 34 supply interruptions against a target of 15, 165 customers with 3 or more disruptions against a target of 40, and 232 disruptions not restored within 12 hours against a target of 400 (2020: 22 supply interruptions against a target of 15; 339 customers with 3 or more disruptions against a target of 40; 642 disruptions not restored within 12 hours against a target of 400).

Shareholder distributions
Shareholder distributions comprise both shareholder interest and dividend distributions. For the 2021 year shareholder distributions totalled $215.1 million (2020: $246.8 million), which was in line with the reduced distribution target by investment in the operating entities for growth projects.

Operating profit
The consolidated entity achieved an operating profit of $199.9 million for the 2021 financial year which exceeded budget by 32% (2020: 4% above budget). The favourable profit results are mainly due to colder weather which led to higher consumption of gas and higher spot electricity prices, lower financing costs and one-off provision releases.

Principal risks and uncertainties
Regulatory environment
The gas transmission, gas distribution and electricity distribution businesses within the group are subject to extensive legal and regulatory obligations, which the businesses must comply with. The possible changes in laws and regulatory standards could have an adverse effect on the operations and financial position of these businesses.

The consolidated entity mitigates this risk by having dedicated regulatory teams in each operating business which work closely with the regulator. In addition, dedicated compliance functions exist to ensure compliance obligations are performed.

Health and Safety
There is a risk that an incident within the operating businesses could lead to injury to an employee, contractor or member of the general public. Any such incident could have an adverse effect on the reputation of the operating business or lead to potential prosecution.

As Health and Safety is our number one priority, there are dedicated Health, Safety and Environment teams in the operating businesses who manage and monitor the safety systems and processes and adopts safety KPIs to monitor this. Each of the operating entities will roll out specific training to address key safety initiatives within their businesses. For example, within the United Energy group, there waws a specific focus on human factors training during the course of 2021.

Network Performance
If transmission or distribution network assets fail, it could result in a loss of supply to customers and associated adverse publicity. Significant outages can result in Guarantee Service Level (GSL) payments to customers, and in some cases, Service Target Performance Incentive Scheme (STIPIS) penalties will apply.

This risk is mitigated by asset management procedures and network planning activities.

Financial risk management
The consolidated entity's activities expose it to a variety of financial risks. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments to hedge interest rate, foreign exchange and commodity price risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. Financial risk management is carried out by the operational entities treasury functions under policies approved by the respective board of directors. See note 33 for detailed disclosure around financial risk mitigation and hedging.

Interest rate risk

The consolidated entity is exposed to interest rate risk as it invests and borrows funds at both fixed and floating interest rates. The risks are managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to confirm alignment with the debt and liquidity management policies and ensure that the operating entities are not exposed to excess risk from interest rate volatility.

Foreign exchange risk

The consolidated entity enters into borrowings denominated in foreign currencies and has overseas operations in foreign currencies. Risk of foreign borrowings are managed by taking out cross currency swaps.

Commodity price risk

The consolidated entity is exposed to unregulated market price fluctuations and enters into fixed price electricity contracts to reduce the volatility attributable to price fluctuations.

COVID-19
The Board continue to assess the impact of COVID-19 on the consolidated entity.

The operational groups have implemented operational responses based on the particular local requirements. These include;

- Segregation of field crews and minimising work group interaction within depots;
- Expanding Network Control Centres across multiple sites;
- Stay away from the workplace if you are unwell;
- Follow social distancing guidelines and practice good hygiene measures at all times;
- Wear a mask if you are unable to keep social distancing; and
- Provision of PPE at offices and depots.

As essential services the operational businesses continue to attend fault, capital works and electricity generation activities.

Given the majority of the revenue of the consolidated entity is derived from regulated or semi-regulated entities, there has been a favourable impact to revenue, with significant increases in distribution, transmission and electricity revenue.

The Board has reviewed updated financial forecasts which include the likely impacts of COVID-19 and do not consider the impact to result in an asset impairment or going concern risk.

Over the course of 2022, COVID restrictions have eased in Australia and globally, our operations continue to follow local health directives.

Brexit risk
The majority of the operations of the consolidated entity occur outside the United Kingdom and as such 2020 and 2021 results of the consolidated entity were not significantly impacted by Brexit and it is expected things will return to normal in the future.

Section 172(1) statement
The Directors present a corporate governance statement under the guidance of section 172 of the Companies Act.

The directors are fully aware of their responsibilities to promote the success of the company in accordance with s172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be mostly likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company

Overview of the Board
No directors of the board are also members of management of the operating groups. M. J. Horsley is the Chief Executive Officer of Northern Gas Networks Holdings Limited.

Each operating group within the consolidated entity has a separate board and board committees including audit, risk and remuneration committees. H. L Kam, A. J. Hunter and L. S. Chan are board members of the DBP, AGID, EDL and MG boards and A. J Hunter is a member of the UE board.

Actions and responsibilities of the Board
The Board is responsible for and makes key decisions on the following areas.

Approving the strategic direction with consideration of the likely consequences in the long term
The Board is responsible for the strategic direction of the company and seeks to balance the best interests of the company with the objective of enhancing shareholder value. The long term objective is to deliver stable, profitable results to the shareholders.

Every 6 months, each CEO of the respective operating business presents their results to the Board.

The interests of the company's employees
Under the delegated authority of the Board, each CEO of the operating businesses keeps their employees informed on matters relevant to their operating business through teleconferences, newsletters and other communications as applicable.

Each operating group manages programs to ensure that they retain, reward and incentivise employees. Annual bonus payments are approved by the respective remuneration committees.

Training and development of employees is a key focus of the consolidated entity, with operating groups having dedicated Learning and Development Teams to support employee needs.

Maintaining relationships with suppliers, customers and others
Under the delegated authority of the Board, each CEO of the operating businesses maintains procurement functions to manage supplier relationships.

Under the delegated authority of the Board, each CEO of the operating businesses monitors customer satisfaction and where applicable to the operating business reliability of supply of electricity and gas to customer through various KPIs reported to the board. As part of the regulatory reset process, operating businesses undertook significant community and customer engagement to ensure that customer and community requirements were factored into the regulatory proposals.

Other stakeholders include the various regulatory bodies including economic and safety regulation. The operating businesses have dedicated regulatory teams for these relationships and monitors key safety KPIs reported to the board.

Monitoring the impact of the company's operations on the community and the environment
Under the delegated authority of the Board, each CEO of the operating businesses maintains policies and procedures on managing environmental obligations. The consolidated entity is mindful about the impact of its actions on the environment and carries out a range of initiatives at its sites to protect the same. These initiative range from Cultural Heritage Management Plans to Asbestos Management Plans to working with Landcare on a number of environmental projects.

Maintaining a reputation for high standards of business conduct
Under the delegated authority of the Board, each CEO of the operating businesses maintains risk functions within their businesses to identify and respond to business specific risks. On a six monthly basis, risk reviews are performed and top 10 risks, risk treatment plans and mitigating controls are reported to the respective risk committees.

Each operating business also maintains codes of conduct for employees, fraud mitigation policies and whistleblower hotlines.

Acting fairly as between members of the company
The Board is comprised of directors who are appointed by shareholders. As such each shareholder has representation and the ability to contribute to all Board meetings and so influence the decisions made by the Board.

Dividend payments
The Board approve any dividend declarations after consideration of any planned reinvestment in growth opportunities for the company.

Approved and authorised for issue on behalf of the directors by:

Mark Horsley

M. J. Horsley
Director

04 July 2022

CK William UK Holdings Limited
Directors' report
31 December 2021

The directors present their annual report on the affairs of the consolidated entity (referred to hereafter as the 'consolidated entity'), together with the financial statements and auditors report. on the consolidated entity consisting of CK William UK Holdings Ltd (referred to hereafter as the 'company' or 'CK William') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

The following disclosures have been disclosed in the strategic report but are cross referenced here: principal activities, business review including KPI's, principal risks and uncertainties and financial risk management objectives and policies.

Directors
The following persons were directors of CK William UK Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

W. L. Ho
T. C. Ip
H. L. Kam
A. J. Hunter
L. S. Chan
M. J. Horsley
J. T. Miller
R. J. Roberts
K. T. Chow

Dividends
Dividends paid during the financial year were as follows:

	2021 $'000	2020 $'000
Dividend declared and paid for the year ended 31 December 2021 is 2.37 cents (2020: 0.78 cents)	81,000	26,500

This excludes dividends payable to non-controlling interests in relation to the subsidiaries of the group.

Review of operations
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $193,540 thousand (31 December 2020: $189,304 thousand).

Refer to the Strategic Report for further detail.

Matters subsequent to the end of the financial year
In December 2021, United Energy entered into a contract of sale to dispose of the Burwood depot for consideration of $70,000 thousand resulting in a net gain from sale of $60,353 thousand. Settlement occurred on the 11th of January 2022. The depot is classified as available for sale in current assets as at 31 December 2021. The overall transaction includes a lease and relocation agreement in respect of the company's exit from the property and establishment of a replacement depot. Ownership transfer of the depot and commencement of the lease occurred in January 2022 and as such the accounting impact of these transactions will be included in the year ending 31 December 2022.

Russia's invasion into Ukraine broke on 24 February 2022. The situation is rapidly evolving. The consolidated entity actively reviews information about the scale and impact of the war however do not consider significant impact to its performance and operations.

In April 2022, the consolidated entity successfully refinanced maturing shareholder loan of $1,332 million.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely future developments
No significant changes to the operations of the consolidated entity are foreseen. The group continues to explore opportunities for growth through its subsidiaries.

Research and development
The consolidated entity undertakes research and development activities in areas such as bushfire mitigation for electricity distribution and asset management and analytics techniques. The consolidated entity recognised nil R&D grant revenue during the year (2020: nil).

Financial instruments
Information on the consolidated entity's financial instruments are disclosed in the strategic report.

Refer to note 33 Financial Instruments for further details.

Charitable and political donations
No charitable or political donations were made during the year.

Disabled employees
The consolidated entity gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the consolidated entity's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee consultation
The consolidated entity places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the consolidated entity. This is achieved through formal and informal meetings at an operational level of the respective businesses.

Indemnity of directors
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the consolidated entity's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor
Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Going Concern
The consolidated entity's business activities, performance and position, together with its principal risks and uncertainties likely to affect its future development and performance are set out in the Strategic Report and above. The consolidated entity is able to pay its liabilities as they fall due. The consolidated entity has significant liquid resources including having access to unused finance facilities of $1,647 million as at 31 December 2021 and having refinanced the maturing shareholder loan of $1,332 million in April 2022, and uses long term debt instruments to mitigate any liquidity risk as detailed in the Strategic Report. The consolidated entity has refinanced a number of facilities due within 12 months after year end.

Due to the nature of operations of the consolidated entity being primarily generation, distribution and transmission of gas and electricity, these underlying activities have been largely unaffected by COVID-19. The latest forecasts do not indicate any significant unfavourable impact to profitability within the next 12 months. There have been no significant restrictions applied to the consolidated entity that impair its ability to continue to deliver these services to customers.

The directors have a reasonable expectation that the company and consolidated entity have adequate resources to continue in operational existence for at least 12 months from signing the financial statements based on 2022 budgeted and 5-year plan. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

CK William UK Holdings Limited
Directors' report
31 December 2021

This report is made in accordance with a resolution of directors.

Approved and authorised for issue on behalf of the directors

Mark Horsley

M. J. Horsley
Director

04 July 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

In preparing these group financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the consolidated entity's transactions and disclose with reasonable accuracy at any time the financial position of the consolidated entity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the consolidated entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CK William UK Holdings Limited
Contents
31 December 2021

General information

The financial statements cover both CK William UK Holdings Limited as an individual private entity and the consolidated entity consisting of CK William UK Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian Dollar, which is CK William UK Holdings Limited's functional currency as the majority of operations are based in Australia.

CK William UK Holdings Limited is a company limited by shares, incorporated and domiciled in the United Kingdom (England). Its registered office and principal place of business is:

3 More
London Riverside
London SE1 2AQ
United Kingdom

A description of the nature of the consolidated entity's operations and its principal activities are included in the strategic report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 04 July 2022.

CK William UK Holdings Limited
Statements of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 2021 $'000	2020 $'000
Revenue	1	1,804,164	2,012,059
Share of profits of associates accounted for using the equity method	15	9,365	3,372
Other gains	2	39,826	34,883
Expenses			
Expenses from ordinary activities	3	(1,211,536)	(1,306,105)
Finance expenses	4	(359,951)	(422,930)
Profit before income tax expense		281,868	321,279
Income tax expense	7	(81,973)	(98,158)
Profit after income tax expense for the year		199,895	223,121
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit plans, net of tax		3,239	(2,501)
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		197,060	(59,620)
Foreign currency translation		34,144	(39,099)
Other comprehensive income/(loss) for the year, net of tax		234,443	(101,220)
Total comprehensive income for the year		434,338	121,901
Profit for the year is attributable to:			
Non-controlling interest		6,355	33,817
Owners of CK William UK Holdings Limited	29	193,540	189,304
		199,895	223,121
Total comprehensive income for the year is attributable to:			
Non-controlling interest		29,453	24,946
Owners of CK William UK Holdings Limited		404,885	96,955
		434,338	121,901

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CK William UK Holdings Limited
Statements of financial position
As at 31 December 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Assets					
Current assets					
Cash and cash equivalents	8	288,597	329,889	73,516	81,598
Trade and other receivables	9	280,754	172,860	7	-
Inventories	10	67,647	61,494	-	-
Other financial assets	12	63,574	152,656	-	-
Derivative financial instruments	32	25,584	2,621	-	-
Property available for sale	13	9,647	-	-	-
Other assets	14	69,891	47,970	-	-
Total current assets		805,694	767,490	73,523	81,598
Non-current assets					
Trade and other receivables	9	-	-	26,186	24,854
Investments accounted for using the equity method	15	24,618	20,165	-	-
Investments in subsidiaries	11	-	-	3,415,000	3,415,000
Other financial assets	12	242,758	257,419	-	-
Derivative financial instruments	32	213,490	186,173	-	-
Property, plant and equipment	16	9,709,760	9,525,938	-	-
Right-of-use assets	19	58,331	64,169	-	-
Intangibles	17	6,153,975	6,136,830	-	-
Retirement benefit assets / (liabilities)	18	2,467	-	-	-
Other assets	14	810	1,505	-	-
Total non-current assets		16,406,209	16,192,199	3,441,186	3,439,854
Total assets		17,211,903	16,959,689	3,514,709	3,521,452
Liabilities					
Current liabilities					
Trade and other payables	20	339,971	324,724	530	569
Contract liabilities	21	108,670	31,873	-	-
Borrowings	23	2,224,396	313,963	-	-
Lease liabilities	22	11,280	11,806	-	-
Derivative financial instruments	32	21,514	7,196	-	-
Income tax		18,885	33,855	-	-
Provisions	24	190,562	176,495	-	-
Other liabilities	25	103,432	19,316	-	-
Total current liabilities		3,018,710	919,228	530	569
Non-current liabilities					
Trade and other payables	20	1,822	1,804	-	-
Contract liabilities	21	47,476	55,183	-	-
Borrowings	23	8,671,848	10,805,477	26,186	24,854
Lease liabilities	22	63,586	70,511	-	-
Derivative financial instruments	32	168,869	294,199	-	-
Deferred tax	26	553,620	446,576	-	-
Provisions	24	754,991	778,011	-	-
Retirement benefit obligations	18	-	2,615	-	-
Other liabilities	25	1,746	1,866	-	-
Total non-current liabilities		10,263,958	12,456,242	26,186	24,854
Total liabilities		13,282,668	13,375,470	26,716	25,423
Net assets		3,929,235	3,584,219	3,487,993	3,496,029

The above statements of financial position should be read in conjunction with the accompanying notes

CK William UK Holdings Limited
Statements of financial position
As at 31 December 2021

	Note	Consolidated		Parent	
		2021	**2020**	**2021**	**2020**
		$'000	**$'000**	**$'000**	**$'000**
Equity					
Issued capital	27	3,415,000	3,415,000	3,415,000	3,415,000
Reserves	28	11,389	(190,362)	-	-
Retained profits	29	545,843	430,064	72,993	81,029
Equity attributable to the owners of CK William UK Holdings Limited		3,972,232	3,654,702	3,487,993	3,496,029
Non-controlling interest	30	(42,997)	(70,483)	-	-
Total equity		3,929,235	3,584,219	3,487,993	3,496,029

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The profit of the parent company for the year was $72,964 thousand (2020: $90,875 thousand).

The financial statements were approved by the board of directors and authorised for issue on 04 July 2022. They were signed on its behalf by:

Mark Horsley

M. J. Horsley
Director

04 July 2022

CK William UK Holdings Limited
Statements of changes in equity
For the year ended 31 December 2021

Consolidated	Issued capital $'000	Hedging reserve $'000	Foreign currency reserve $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2020	3,415,000	(111,694)	11,438	269,272	(65,832)	3,518,184
Profit after income tax expense for the year	-	-	-	189,304	33,817	223,121
Other comprehensive loss for the year, net of tax	-	(51,007)	(39,099)	(2,243)	(8,871)	(101,220)
Total comprehensive (loss)/income for the year	-	(51,007)	(39,099)	187,061	24,946	121,901
Common control transaction	-	-	-	231	(231)	-
Transactions with owners in their capacity as owners:						
Dividends declared but not paid	-	-	-	-	(1,553)	(1,553)
Dividends paid (note 30)	-	-	-	(26,500)	(27,813)	(54,313)
Balance at 31 December 2020	3,415,000	(162,701)	(27,661)	430,064	(70,483)	3,584,219

Consolidated	Issued capital $'000	Hedging reserve $'000	Foreign currency reserve $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2021	3,415,000	(162,701)	(27,661)	430,064	(70,483)	3,584,219
Profit after income tax expense for the year	-	-	-	193,540	6,355	199,895
Other comprehensive income for the year, net of tax	-	167,607	34,144	3,239	29,453	234,443
Total comprehensive income for the year	-	167,607	34,144	196,779	35,808	434,338
Transactions with owners in their capacity as owners:						
Dividends paid (note 30)	-	-	-	(81,000)	(8,322)	(89,322)
Balance at 31 December 2021	3,415,000	4,906	6,483	545,843	(42,997)	3,929,235

The above statements of changes in equity should be read in conjunction with the accompanying notes

CK William UK Holdings Limited
Statements of changes in equity
For the year ended 31 December 2021

Parent	**Issued capital $'000**	**Retained profits $'000**	**Total equity $'000**
Balance at 1 January 2020	3,415,000	16,654	3,431,654
Profit after income tax expense for the year	-	90,875	90,875
Total comprehensive income for the year	-	90,875	90,875
Transactions with owners in their capacity as owners:			
Dividends paid (note 31)	-	(26,500)	(26,500)
Balance at 31 December 2020	3,415,000	81,029	3,496,029

Parent	**Issued capital $'000**	**Retained profits $'000**	**Total equity $'000**
Balance at 1 January 2021	3,415,000	81,029	3,496,029
Profit after income tax expense for the year	-	72,964	72,964
Total comprehensive income for the year	-	72,964	72,964
Transactions with owners in their capacity as owners:			
Dividends paid (note 31)	-	(81,000)	(81,000)
Balance at 31 December 2021	3,415,000	72,993	3,487,993

The above statements of changes in equity should be read in conjunction with the accompanying notes

CK William UK Holdings Limited
Statements of cash flows
For the year ended 31 December 2021

	Note	Consolidated 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of VAT)		2,056,858	2,167,012
Payments to suppliers and employees (inclusive of VAT)		(917,927)	(923,675)
		1,138,931	1,243,337
Interest received		1,543	3,656
Interest paid - external		(213,056)	(302,641)
Interest paid - related		(159,886)	(181,088)
Grant income		-	388
Rehabilitation payments		(409)	-
Income taxes paid		(76,456)	(16,558)
Net cash from operating activities		690,667	747,094
Cash flows from investing activities			
Payments for property, plant and equipment		(568,078)	(500,486)
Payments for intangibles		(46,807)	(34,007)
Proceeds from / (payments for) term deposits		65,000	(72,000)
(Loans to) / received from related parties		901	2,714
Proceeds from disposal of property, plant and equipment		19,829	388
Distributions from joint ventures		6,650	7,364
Payments for joint ventures		-	(3,814)
Net cash used in investing activities		(522,505)	(599,841)
Cash flows from financing activities			
Settlement of foreign exchange contracts		(2,648)	(2,050)
Proceeds from borrowings - external		1,400,039	1,739,267
Repayment of borrowings - external		(1,505,503)	(1,737,217)
Payment of debt establishment costs		(5,782)	(5,331)
Dividends paid	31	(81,000)	(26,500)
Principal elements of lease payments		(9,294)	(8,528)
Dividends paid to non-controlling interests in subsidiaries		(7,813)	(36,098)
Net cash used in financing activities		(212,001)	(76,457)
Net (decrease)/increase in cash and cash equivalents		(43,839)	70,796
Cash and cash equivalents at the beginning of the financial year		329,889	262,088
Effects of exchange rate changes on cash and cash equivalents		2,547	(2,995)
Cash and cash equivalents at the end of the financial year	8	288,597	329,889

The above statements of cash flows should be read in conjunction with the accompanying notes

Note 1. Revenue

	Consolidated	
	2021	2020
	$'000	$'000
Distribution Use of System	611,745	689,938
Transmission Use of System	143,759	139,534
Transportation revenue	374,440	419,031
Electricity revenue	487,086	499,866
Gas revenue	10,170	6,822
	1,627,200	1,755,191
Other operating revenue		
Metering revenue	36,721	42,055
Customer contributions - cash	8,920	46,723
Customer contributions - gifted assets	-	6,439
Alternative control services revenue	17,878	16,980
Other revenue from contracts with customers	23,455	32,726
Green credit revenue	61,599	96,916
Other revenue not in scope of IFRS 15	28,391	15,029
	176,964	256,868
Revenue	1,804,164	2,012,059

(a) Recognising revenue from major business activities

(i) Distribution and Transmission Use of System revenue
Timing of recognition: Distribution and Transmission Use of System revenue represents the revenue from electricity and gas retailers for the transportation and delivery of electricity or gas through the distribution system to their customers. Revenue is calculated on a per energy retailer customer basis for electricity or gas consumed, time connected to the distribution network and/or demand based charges.

The Use of System contract includes one performance obligation, which is to provide distribution or haulage services. This performance obligation is satisfied when the end customer receives electricity or gas. The company promises to provide transport and deliver electricity or gas through the Distribution System to their customers are performance obligations that are satisfied over time as the customer is able to simultaneously consume the electricity or gas transmitted and distributed to the customer's location.

Transaction price: Rates per quantity unit and customer tariff type are approved by the Australian Energy Regulatory (AER) each year. The method utilised to recognise revenue for the Use of System contract is an output method, which is based on actual volume of electricity distributed or gas transported and actual number of customers serviced each period.

(ii) Transportation revenue
Timing of recognition: Transportation revenue is brought to account when gas is transported for a shipper in accordance with the terms and conditions of the haulage contract.

The performance obligation is satisfied when the end customer injects or withdraws gas from the pipeline. The performance obligation is satisfied at a point in time as the obligation is satisfied when the gas haulage contract has been met.

Transaction price: Revenue is calculated in accordance with terms and conditions of the haulage contract.

(iii) Electricity revenue
Timing of recognition: Electricity revenue generated is recognised or accrued at the time of supply.

This performance obligation is satisfied when the electricity is generated and enters the transmission or distribution network. Performance obligations are satisfied over time as the customer is able to simultaneously consume the electricity transmitted and distributed to the customer's location.

Note 1. Revenue (continued)

(iv) Gas revenue
Timing of recognition: Gas revenue is recognised or accrued at the time of supply.

Revenue from the sale of gas is recognised at the point in time that the customer takes physical possession of the commodity. Revenue is recognised at an amount that reflects the consideration expected to be received.

(v) Metering revenue
Timing of recognition: Metering revenue comprises charges to cover the cost of maintaining, operating and replacing the meter once it has reached the end of its economic life. A per annum charge varies depending on the meter type installed. The Distribution Businesses promise to provide metering maintenance services to their customers are performance obligations that are satisfied over time as there is a stand-ready obligation to provide metering maintenance services on an on-going basis.

Transaction price: Metering revenue is based on a metering charge set by meter type as approved by the AER each year.

(vi) Customer contributions - cash

Timing of recognition: Customer contributions - cash represent the revenue recorded from construction of network augmentation assets where the customer was required to fund a portion of construction towards their network augmentation.

The rendering of a customer contribution service contract includes one performance obligation, which is to either maintain customer's assets or to develop an asset. This performance obligation is satisfied over time either because the customer simultaneously benefit from the maintenance services completed and the work performed enhances the customer's assets; or the new assets are highly specific for the customer and the company has the right to receive payment for all the services performed at the end of each reporting period.

The method utilised to recognise revenue for the customer contributions contract is an input method, which is based on actual labour cost and materials consumed to perform the required service during each reporting period.

In 2021 the consolidated entity has adopted the income approach under IFRS 13 Fair Value Measurement. Refer to note 1 section c for further information.

Transaction price: The required contribution is calculated at fair value using an income approach.

(vii) Alternative Control Services revenue
Timing of recognition: Alternative Control Services (ACS) revenue relates to a set of customer specific activities, primarily on behalf of Electricity Retailers, that fall under a particular area of regulation due to their monopoly or semi-monopoly nature.

ACS activities are of short duration and are recognised either when performed or if the charge is based on duration of the service, such as public lighting.

Transaction price: Rates per activity are based on either a fixed fee approved by the AER or hourly labour rates approved by the AER and recovery of materials at cost.

(viii) Other revenue from contracts with customers
Timing of recognition: Other revenue from contracts with customers comprises primarily unregulated other services and activities including unregulated revenue for rental of regulated assets, recoverable works and construction and maintenance revenue.

The delivery of a construction contract includes one performance obligation, which is to develop an asset for a customer. This performance obligation is satisfied over time either because the customer simultaneously benefit from the maintenance services completed and the work performed enhances the customer's assets; or the new assets are highly specific for the customer and the company has the right to receive payment for all the services performed at the end of each reporting period.

Transaction price: Revenue is recognised in line with contracted amounts.

Note 1. Revenue (continued)

(ix) Green Credit revenue
Timing of recognition: Green credit revenue is recognised at the point of generation.

Transaction price: Green credit revenue is recognised at the lower of spot and net realisable value and adjusted for changes in market value when sold. Where the market is inactive or thin trades are noted, management uses best estimates based on expert advice to determine the fair value recognised at the point of generation.

Green certificates are considered outside the scope of IFRS 15 Revenue.

Revenue from contract types	Consolidated Point in time 2021 ($'000)	2020 ($'000)	Consolidated Over time 2021 ($'000)	2020 ($'000)	Consolidated Total 2021 ($'000)	Total 2020 ($'000)
Distribution Use of System	-	-	611,745	689,938	611,745	689,938
Transmission Use of System	-	-	143,759	139,534	143,759	139,534
Transportation revenue	374,439	419,031	-	-	374,440	419,031
Electricity revenue	-	-	487,086	499,866	487,086	499,866
Gas revenue	-	-	10,170	6,822	10,170	6,822
	374,439	419,031	1,252,760	1,336,160	1,627,200	1,755,191
Other operating revenue						
Metering revenue	-	-	36,721	42,055	36,721	42,055
Customer contributions - cash	-	-	8,920	46,723	8,920	46,723
Customer contributions - gifted assets	-	6,439	-	-	-	6,439
Alternative Control Services	5,035	5,719	12,842	11,261	17,878	16,980
Other revenue from contracts with customers	19,837	7,871	3,618	24,855	23,455	32,726
	24,872	20,029	62,101	124,894	86,974	144,923

The unsatisfied performance obligations as at 31 December 2021 are $169,155 thousand (2020: $101,971 thousand) and relate to other revenue from contracts with customers. The unsatisfied contracts will be recognised progressively through to 2034.

(b) Critical accounting policies, estimates and assumptions

There is a certain level of estimation involved in the measurement of the consolidated entity's revenue, which includes:

- In relation to Distribution & Transmission Use of System revenue an estimation of the amount of electricity or gas consumed but not billed at period end; and
- In relation to customer contributions an estimate of the stage of completion.

As the basis of estimation for distribution revenue is based on actual electricity or gas consumption and in the case of pass through revenue the actual and accrued cost incurred, the directors do not envisage significant uncertainty risk with respect to amounts recorded in relation to applying the revenue recognition accounting policies.

Note 1. Revenue (continued)

(c) Change in accounting policy - customer contributions

In 2021 the consolidated entity changed the method used to value cash and non-cash customer contributions. Previously customer contributions were valued at fair value using the cost approach. Under the cost approach the customer constitutions were recorded in revenue. In 2021 the consolidated entity has adopted the income approach under IFRS 13 *Fair Value Measurement*. Under the income approach the fair value of cash and non-cash customer contributions reflects the discounted cash flow paid to acquire the assets. The contributions received are recorded against the assets recognised.

The income approach is considered more relevant as it reflects the regulatory approach and future regulatory returns. The new accounting policy has been adopted prospectively from 1 January 2021. The impact of the change in the period ended 31 December 2021 is as follows:

Decrease in property plant and equipment of $43,396 thousand
Decrease in revenue of $43,396 thousand

Note 1. Revenue (continued)

The consolidated entity's revenue is generated by the four operating entities. Details of revenue by operating entity are detailed in the table below.

Revenue from contract types	**DBP & AGID**	**MG**	**2021 UE**	**EDL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Distribution Use of System	-	220,945	390,800	-	611,745
Transmission Use of System	-	-	143,759	-	143,759
Transportation revenue	374,440	-	-	-	374,440
Electricity revenue	-	-	-	487,086	487,086
Gas revenue	-	-	-	10,170	10,170
	374,440	220,945	534,559	497,256	1,627,200
Metering revenue	-	2,276	34,445	-	36,721
Customer contributions - cash	-	8,920	-	-	8,920
Alternative control services revenue	-	-	17,878	-	17,878
Other revenue from contracts with customers	8,081	3,618	11,756	-	23,455
Green credit revenue	-	-	-	61,599	61,599
Other revenue	4,793	8,987	-	14,611	28,391
	12,874	23,801	64,079	76,210	176,964
Total	387,314	244,746	598,638	573,466	1,804,164

	DBP & AGID	**MG**	**2020 UE**	**EDL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Distribution Use of System	-	212,900	477,038	-	689,938
Transmission Use of System	-	-	139,534	-	139,534
Transportation revenue	419,031	-	-	-	419,031
Electricity revenue	-	-	-	499,866	499,866
Gas revenue	-	-	-	6,822	6,822
	419,031	212,900	616,572	506,688	1,755,191
Metering revenue	-	1,885	40,170	-	42,055
Customer contributions - cash	-	12,895	33,828	-	46,723
Customer contributions - gifted assets	-	-	6,439	-	6,439
Alternative control services revenue	-	-	16,980	-	16,980
Other revenue from contracts with customers	17,726	4,486	10,514	-	32,726
Green credit revenue	-	-	-	96,916	96,916
Other revenue	-	259	1	14,769	15,029
	17,726	19,525	107,932	111,685	256,868
Total	436,757	232,425	724,504	618,373	2,012,059

Note 1. Revenue (continued)

	Consolidated 2021 $'000	2020 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	78,822	86,873
Revenue recognised from performance obligations satisfied in previous periods	7,740	7,254
	86,562	94,127

Note 2. Other gains

	Consolidated 2021 $'000	2020 $'000
Net foreign exchange gain/(loss)	156	(363)
Net gain / (loss) on disposal of property, plant and equipment	8,507	(170)
Interest income - external party	1,534	3,320
Finance lease income	29,629	32,096
Other gains	39,826	34,883

Finance lease income
Timing of recognition: Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the consolidated entity's net investment outstanding in respect of the finance lease.

Note 3. Expenses from ordinary activities

	Consolidated 2021 $'000	2020 $'000
Transmission fees	143,759	139,534
Personnel expense	175,685	184,379
Operation, maintenance and repair expense	155,625	163,749
Taxes, fees & charges	5,170	5,229
Royalties	21,615	21,012
Fuel gas and consumables	96,994	100,463
Depreciation and amortisation expense	478,355	526,131
IT and telecommunication costs	85,779	73,630
Legal and professional fees	22,092	23,996
Unaccounted Gas	(1,500)	(1,000)
Project costs	(1,365)	348
Other expenses	15,256	60,248
Insurance	21,907	18,073
Capitalised expenses	(7,836)	(9,687)
	1,211,536	1,306,105

Note 4. Finance expenses

	Consolidated 2021 $'000	Consolidated 2020 $'000
Interest and finance expense - external party	202,537	243,912
Interest and finance expense - related parties	154,639	176,194
Interest expense - finance lease	2,775	2,824
	359,951	422,930

Note 5. Average number of employees and employee benefits expense

The average number of employees during the year was as follows:

	Consolidated 2021	Consolidated 2020
Managerial	134	178
Operations / administration	954	887
Average number of employees	1,088	1,065

The employee benefits expense during the year was as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Wages and salaries	145,723	154,030
Social security costs	559	554
Other pension costs	14,518	13,444
Total employee benefits expense	160,800	168,028

Accounting policy for pension costs
The consolidated entity has obligations for a defined benefit scheme. Refer to note 18 for details on the defined benefit superannuation plan.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the consolidated balance sheet.

Note 6. Directors' remuneration

The directors did not receive any remuneration in relation to their services to the company during the financial year. Directors receive remuneration from other related parties in relation to their services to the wider shareholder group.

Note 7. Income tax expense

	Consolidated	
	2021	2020
	$'000	$'000
Income tax expense		
Current tax expense in respect of the current year	62,664	40,575
Deferred tax - origination and reversal of temporary differences	19,718	58,255
Adjustments for current tax of prior periods	(409)	(672)
Aggregate income tax expense	81,973	98,158
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	281,868	321,279
Tax at the statutory tax rate of 30%	84,560	96,384
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible interest expenses	8,545	6,490
Non-assessable income - other	(7,854)	(9)
Previously unrecognised tax losses now recognised	-	(6,461)
Share of profits - associates	(837)	(656)
Non-deductible expenses	2,828	1,477
Change in tax rate - overseas	1,332	-
Effects of different taxation rates within consolidated group	(3,221)	(2,184)
Other	-	128
	85,353	95,169
Adjustments for current tax of prior periods	(409)	(672)
Prior year temporary differences not recognised now recognised	(2,971)	3,661
Income tax expense	81,973	98,158

As the operations of the consolidated entity are primarily based in Australia, the consolidated entity's income tax expense for the period is calculated under Australian tax laws, based on the Australian Federal income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements, and for unused tax losses.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. 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 years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base 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 sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income or accounting profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity 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 consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Note 7. Income tax expense (continued)

(a) Critical accounting judgements, estimates and assumptions

(i) Income taxes

The consolidated entity applies the criteria outlined in IAS 12 with regards to the calculation and recognition of deferred tax assets. The application of the IAS 12 criteria involves the exercise of judgement regarding the calculation of accounting and tax bases for the consolidated entity's assets and liabilities. Furthermore, the potential reversal of temporary differences also requires the use of estimates of future profitability, availability of taxable profits on both revenue and capital account and potential future changes in accounting and tax bases.

In particular, the expectation of the availability of future taxable profits against which deferred tax assets arising in respect of revenue losses is subject to estimation and judgement.

(ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 8. Cash and cash equivalents

	Consolidated		Parent	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current assets				
Cash at bank	288,597	309,889	73,516	81,598
Cash on deposit	-	20,000	-	-
	288,597	329,889	73,516	81,598

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, cash at bank and deposits at call with financial institutions.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Note 9. Trade and other receivables

	Consolidated		Parent	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current assets				
Trade receivables	120,619	53,387	7	-
Less: Allowance for expected credit losses	(1,500)	(1,246)	-	-
	119,119	52,141	7	-
Contract assets	157,046	116,842	-	-
GST receivable	1,522	-	-	-
Other receivables	-	199	-	-
Loan receivables - third parties	1,343	1,557	-	-
Interest receivable	1,724	2,121	-	-
	280,754	172,860	7	-
Non-current assets				
Related party receivable	-	-	26,186	24,854
	280,754	172,860	26,193	24,854

Note 9. Trade and other receivables (continued)

(a) Trade and other receivables accounting policies

(i)Trade receivables
Trade receivables are primarily for electricity sold by generators, transportation services provided and network fees. The network fees are governed by a Use of System Agreement which stipulates that all payments are to be made on the tenth day after monthly invoicing.

Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

A receivable of $70,000 thousand is included in trade receivables related to the consideration for the sale of the Burwood depot.

(ii) Contract assets
Contract assets reflects primarily an estimate of electricity consumption unbilled and unread at the end of the reporting period and sales of electricity.

(iii) Fair value
Due to the short-term nature of the current receivables, their fair value is considered the same as their carrying value.

(iv) Impairment and risk exposure
Trade receivables and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the consolidated entity's impairment policies, the consolidated entity's exposure to credit risk, foreign currency risk and interest rate risk and the calculation of the loss allowance are provided in note 33.

(b) Critical accounting judgments, estimates and assumptions

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent contract performance and historical collection rates.

Note 10. Inventories

	Consolidated	
	2021	2020
	$'000	$'000
Current assets		
Stock on hand - at cost	72,386	66,825
Less: Provision for impairment or obsolescence	(4,739)	(5,331)
	67,647	61,494

Inventories comprise fuel, store items, spares and other consumables.

During the year $42 million of inventory was expensed (2020: $39 million).

Inventories accounting policies
Costs are assigned to inventory on hand on the basis of weighted average costs. Inventories are valued at the lower of cost or net realisable value. Book value is approximate for replacement cost.

Note 11. Investments in subsidiaries

	Parent	
	2021	2020
	$'000	$'000
Non-current assets		
Investments in subsidiaries	3,415,000	3,415,000

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the Financial Statements of CK William UK Holdings Limited. Dividends received are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

Note 12. Other financial assets

	Consolidated	
	2021	2020
	$'000	$'000
Current assets		
Term deposits	25,092	89,981
Green Credits	21,725	48,099
Finance Lease receivable	16,757	14,576
	63,574	152,656
Non-current assets		
Burrup Extension Pipeline term deposit	14,704	15,795
Finance Lease receivable	228,054	241,624
	242,758	257,419
	306,332	410,075

Note 12. Other financial assets (continued)

(a) Accounting policies

(i) Green credits held for sale

Green credits held for sale are recognised at the point of generation at the lower of spot and net realisable value (NRV) where an active market exists without thin trading. Where the market is inactive or thin trades are noted, management uses best estimates based on expert advice to recognise revenue at the point of generation. Green credits that are not expected to be realised within 12 months of the reporting date are recognised as a Non-Current Asset. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(ii) Finance lease receivable

The finance lease receivable relates to contracts between the AGI Development Group (AGID) to Fortescue Metals Group (FMG) and Newmont Tanami. Management concluded these contracts contained a lease on the basis that risks and rewards were transferred, mainly due to:

• The customer has the ability to direct the operations of the asset;
• The customer has the right to control other shippers using the pipeline;
• The customer has first right of refusal for spare capacity; and
• The customer has a buy-out option.

(iii) Leases accounting policies

Leases of property, plant and equipment where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the consolidated entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Note 13. Property available for sale

In December 2021, United Energy entered into a contract of sale to dispose of the Burwood depot for consideration of $70,000 thousand resulting in a net gain from sale of $60,353 thousand. Settlement occurred on the 11th of January 2022. The depot is classified as available for sale in current assets as at 31 December 2021. The overall transaction includes a lease and relocation agreement in respect of the company's exit from the property and establishment of a replacement depot. Ownership transfer of the depot and commencement of the lease occurred in January 2022 and as such the accounting impact of these transactions has been included in the year ending 31 December 2022.

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current assets		
Property available for sale	9,647	-

Note 14. Other assets

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current assets		
Prepayments	41,375	26,922
Security deposits	9,788	7,802
Pipeline / shipper imbalance	18,665	13,188
Other current assets	63	58
	69,891	47,970
Non-current assets		
Prepayments	810	818
Other non-current assets	-	687
	810	1,505
	70,701	49,475

Other assets accounting policies

Pipeline / shipper imbalance represents a temporary net difference between the natural gas purchased for system use and that actually used during the period (including gas unaccounted for). This account is either a current asset or liability depending on whether the imbalance is positive or negative.

Note 15. Investments accounted for using the equity method

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Non-current assets		
Investment in joint ventures	24,618	20,165

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2021	2020
Opening carrying amount	20,165	22,750
Profit after income tax	9,365	3,372
Additions	-	3,814
Revaluation increments	1,738	(2,407)
Dividends paid	(6,650)	(7,364)
Closing carrying amount	24,618	20,165

Note 15. Investments accounted for using the equity method (continued)

Details of interests in joint venture partnerships is as follows:

Name and principal activities	Place of incorporation	Ownership interest 2021 %	2020 %	Carrying amount 2021 $'000	2020 $'000
BEAL EPE & Tomi EDL Operations EPE - Landfill gas generation	Greece	50.0%	50.0%	14,852	12,231
Indy High BTU, LLC - High BTU operation	United States of America	25.0%	25.0%	9,766	7,934

EDL is the operational partner of Indy High BTU LLC, as part of a joint venture with Kinetrex Energy and South Side Landfill.

Note 16. Property, plant and equipment

	Consolidated 2021 $'000	2020 $'000
Non-current assets		
Freehold land - at cost	168,469	188,619
Freehold buildings - at cost	128,532	131,009
Less: Accumulated depreciation	(366)	(3,821)
	128,166	127,188
Plant and equipment - at cost	2,073,595	1,861,673
Less: Accumulated depreciation	(590,593)	(481,624)
	1,483,002	1,380,049
Distribution and pipelines - at cost	9,082,862	8,735,441
Less: Accumulated depreciation	(1,152,739)	(905,359)
	7,930,123	7,830,082
	9,709,760	9,525,938

Note 16. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Freehold land $'000**	**Freehold buildings $'000**	**Plant and equipment $'000**	**Distribution/ Pipeline $'000**	**Total $'000**
Balance at 1 January 2020	200,342	230,867	1,444,580	7,637,549	9,513,338
Additions	-	659	177,782	348,390	526,831
Acquisition cost transfers	(9,239)	(105,275)	24,499	96,507	6,492
FX Revaluation	-	-	(53,961)	-	(53,961)
Revaluation	(2,484)	-	(281)	812	(1,953)
Disposals	-	-	(3,331)	(2,796)	(6,127)
Disposals - accumulated depreciation	-	-	1,271	2,132	3,403
Depreciation transfers	-	2,620	(2,512)	(6,808)	(6,700)
Depreciation expense	-	(1,683)	(207,998)	(245,704)	(455,385)
Balance at 31 December 2020	188,619	127,188	1,380,049	7,830,082	9,525,938
Additions	-	246	230,412	374,524	605,182
Reclass between class of assets	-	7,207	808	(29,297)	(21,282)
Acquisition cost transfers	-	-	674	(715)	(41)
FX Revaluation	-	-	34,360	-	34,360
Revaluation	-	279	-	(84)	195
Disposals / held for sale	(20,150)	(10,209)	(31,164)	2,992	(58,531)
Disposals - accumulated depreciation	-	6,125	26,489	(2,809)	29,805
Depreciation expense	-	(2,670)	(158,626)	(244,570)	(405,866)
Balance at 31 December 2021	168,469	128,166	1,483,002	7,930,123	9,709,760

As at 31 December 2021, $330,212 thousand (2020: $398,920 thousand) of capital work in progress was included in the Distribution & Pipelines category carrying value and $26,975 thousand (2020: $155,009 thousand) was included in the Plant and equipment category.

Note 16. Property, plant and equipment (continued)

$14,116 thousand was reclassified from PPE to intangibles and $7,166 thousand was reclassified to finance lease receivables.

(a) Property, plant and equipment accounting policies

Property, plant and equipment are stated as cost less accumulated depreciation and impairment (if any).

(i) Cost
The purchase method of accounting is used for all acquisition of assets. Cost is determined as the fair value of the assets given up, or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Construction work in progress is stated at cost plus attributable overheads. Cost includes all costs directly related to specific projects including materials, labour and an allocation of overhead expenses.

Additions through business combinations are valued at fair value.

(ii) Depreciation
Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land and gas stock on hand. The value of land not depreciated is $168,469 thousand (2020: $188,619 thousand).

The contents of the pipeline (linepack) are recorded at the value of the normal operating level for linepack, at the lower of cost and net realisable value. Linepack is recorded as part of Distribution / Generation / Pipeline. The balance is not depreciated over the life of the pipeline, as the directors believe the recoverable value of linepack will exceed the historical cost at the time the pipeline is closed down.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. The following estimated useful lives are used in the calculation of depreciation in current and prior periods.

Freehold buildings	15 - 68 years
Plant and equipment	3 - 30 years
Distribution / Pipeline system	3 - 120 years

(iii) Impairment
Other assets, including property, plant and equipment, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs of disposal and its value in use. No impairment of other assets including property, plant and equipment has been recognised during the period.

(iv) Asset sales
The net proceeds on disposal of assets are brought to account at the date when control passes to the purchaser, usually when an unconditional contract of sale is signed.

(b) Critical accounting judgements, estimates and assumptions

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

At this stage, there is no anticipation of shortened useful lives of distribution assets due to climate changes, as electricity and gas distributions still require the grid of networks. EDL is currently converting a number of energy generation plants in the United States to renewal sources which is taken into consideration when assessing useful lives of assets.

Note 17. Intangibles

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Goodwill - at cost	5,670,289	5,666,017
Software - at cost	268,727	211,334
Less: Accumulated amortisation	(135,761)	(108,754)
	132,966	102,580
Customer Contracts	498,071	501,058
Less: Accumulated amortisation	(150,162)	(132,825)
	347,909	368,233
Development Approvals	6,611	-
Less: Accumulated amortisation	(3,800)	-
	2,811	-
	6,153,975	6,136,830

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Software $'000	Development Approvals $'000	Customer Contracts $'000	Total $'000
Balance at 1 January 2020	5,673,656	95,063	-	414,285	6,183,004
Additions	-	35,531	-	-	35,531
FX revaluations	(7,639)	-	-	(13,976)	(21,615)
Amortisation transfers	-	208	-	-	208
Acquisition cost transfers	-	(28,222)	-	(32,076)	(60,298)
Balance at 31 December 2020	5,666,017	102,580	-	368,233	6,136,830
Additions	-	50,101	-	-	50,101
Disposals	-	(213)	-	-	(213)
FX revaluations	4,272	-	-	7,497	11,769
Transfers from PPE	-	7,505	6,611	-	14,116
Disposals - accumulated amortisation	-	213	-	-	213
Amortisation expense	-	(27,220)	(3,800)	(27,821)	(58,841)
Balance at 31 December 2021	5,670,289	132,966	2,811	347,909	6,153,975

Note 17. Intangibles (continued)

(a) Intangible assets accounting policies

(i) Goodwill
Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software
The value of software assets are recorded at cost. Software assets are amortised on a straight line basis over the life of the asset.

(iii) Development Approvals
Development approval (DA) arises from a legal right to realise future economic benefits through development or sale and legal ability to prevent others from doing so. The value is recorded at cost. DAs are not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. DAs were previously recognised as WIP.

(iv) Customer Contracts
Customer contracts acquired as part of a business combination are recognised separately from goodwill. Customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Customer contracts are amortised on a straight line basis over the life of the asset.

(v) Amortisation methods and useful lives
Amortisation is provided on intellectual property, software. Amortisation is amortised on a straight line basis so as to write off the net cost over the periods benefits are expected to arise. The amortisation periods are as follows:

Customer contract	1 - 20 years
Software	1 - 10 years

(b) Critical accounting judgements, estimates and assumptions

Determining cash generating units
A cash generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows independently of the cashflows from other assets or groups of assets.

The following CGUs have been identified for impairment testing:

- Dampier Bunbury Natural Gas Pipeline Trust and its controlled entities & AGI Development Group Nominees Pty Limited and its controlled entities (DBP & AGID)
- Energy Developments Pty Limited and its controlled entities (EDL)
- United Energy Distribution Holdings Limited and its controlled entities (UE)
- Multinet Group Holdings Limited and its controlled entities (MG)

Goodwill has been allocated across the four CGUs as follows:

	2021 $'000	2020 $'000
DBP & AGID	2,814,244	2,814,244
EDL	1,391,568	1,387,296
UE	832,512	832,512
MG	631,965	631,965
	5,670,289	5,666,017

Goodwill includes amounts denominated in currencies other than AUD and is therefore subject to revaluation resulting in the above change.

Critical estimates
The basis on which these cash-generating units' recoverable amounts have been determined is their fair value less costs of disposal. A discounted cash flow analysis has been used to determine fair value less costs of disposal. The key assumptions on which management have based their assessment of future cash-flows and the approach to determining values for each were:

Note 17. Intangibles (continued)

Cash Generating Unit	Terminal value 2021	Terminal value 2020	Discount rate 2021 %	Discount rate 2020 %	2021 Headroom ($'million)	2020 Headroom ($'million)
UE	RAB 1.60 x - 1.65 x	RAB 1.60 x - 1.65 x	2.59%	2.08%	413	147
MG	RAB 1.40 x - 1.60 x	RAB 1.40 x - 1.60 x	3.50%	2.97%	255	100
DBP & AGID	EBITDA 17 x	EBITDA 17 x	3.50%	2.90%	294	706
EDL	Perpetual growth 2.2%	Perpetual growth 2.2%	6.00%	6.00%	536	277

Management monitors risks on an ongoing basis including recent market transactions for changes in Regulatory Asset Base (RAB) multiples or other changes in assumptions that may impact future cash flows or discount rates.

Cash flows are based on the CGUs business plans and range from 5 to 26 years. Regulated revenues and expenditures for the regulated businesses are primarily based on the Australian Energy Regulator's approved regulatory determinations plus a forecast on the current business plan for subsequent years. Non-regulated revenue and expenditure were based on management's best estimates with reference to historic performance.

The perpetual growth is estimated based on the long-term inflationary target of each region of operation and weighted based on net present value.

The Group continues to develop its assessment of the impact that climate change may have on the amounts recognised in the financial statements. The natural environment in which the Group operates is continually changing and being monitored by management.

We have considered the impact of the climate change related risks on the value of goodwill held. The risks are long term in nature, and whilst they will provide a need for investment in the future, we conclude that there is no material impact on the carrying amount of goodwill at the date of these financial statements, nor do they lead to any additional key sources of estimation or judgment.

Management are continuously monitoring the impact of climate change on all businesses within the group. Short term actions to meet our response to climate change are within our estimated cashflows for the regulatory cycles which have been used for our impairment review. Whilst the long term impact of climate change results in uncertainty around future cash flows of the business and financial assumptions, such as discount rate, the valuation at the balance sheet date is supported by current industry performance.

Reasonably possible changes in key assumptions

Discount rate

The discount rate has been identified as a key assumption for all CGU's. A reasonably possible increase in the discount rate of the regulated businesses of between 0.7% to 1.2% when applying the upper end of the RAB multiple range would result in breakeven impairment assessments. For EDL, an increase in the discount rate of 0.5% would result in breakeven on the impairment assessment.

Terminal value assumption

The RAB multiple used in the terminal value calculation has been identified as a key assumption for the UED and MNG CGU's. This assumption is based on an assessment of recent transaction multiples. If there were a change in the market that resulted in a decrease in the observable transaction multiples of 0.1x this is likely to result in impairment of these CGU's.

The discounted cash flow models of DBP & AGID are not particularly sensitive to movements in the terminal values such that a reasonably possible movement in the assumption would not result in impairment.

Note 18. Retirement benefit assets / (liabilities)

Defined benefit superannuation plans
UE & Multinet Pty Ltd (entity within the consolidated entity) operates a defined benefit superannuation plan for qualifying employees within the UE and MG businesses. Under the plan, the employees are entitled to retirement benefits based on their final salary at the time of retirement or resignation. No other post-retirement benefits are provided to these employees.

The defined benefit superannuation plan is a funded plan. The Equipsuper Contribution and Funding Policy provides for a review of the financial position of the Plan each six months, as at 30 June and 31 December, with the employer contribution rate comprising a long term contribution rate and an adjustment to meet the financing objective of a Funding Ratio of 105%.

The Funding Ratio is the ratio of assets to accrued liabilities, being the greater of vested benefits and the present value of past membership benefits. Where the Funding Ratio is greater than 100% the primary financing objective is to achieve 105% over five years. Where the Funding Ratio is less than 100% the primary financing objective is to achieve 100% over three years and 105% over five years.

In the most recent review of the financial position as at 31 December 2021 the actuary recommended the employing entities contribute at a nil rate of defined benefit members' salaries.

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years or every year if the plan pays defined benefit pensions.

The Plan's Trustee is responsible for the governance of the Plan. The Trustee has a legal obligation to act solely in the best interests of Plan beneficiaries. The Trustee has the following roles:

- Administration of the plan and payment to the beneficiaries from plan assets when required in accordance with the plan rules;
- Management and investment of the plan assets; and
- Compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licences and supervises regulated superannuation plans.

The expected return on plan assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for correlations of the investment returns between asset classes. The expected long-term returns for each asset class are determined by investment specialists based on their long term forecasts for each asset class. The returns used for each asset class are net of investment tax and investment fees. An allowance for administration expenses has been deducted from the expected return.

Statement of financial position amounts
The amounts recognised in the statement of financial position are determined as follows:

	Consolidated	
	2021 $'000	2020 $'000
Non-current assets		
Present value of the defined benefit obligation	(42,475)	(45,112)
Fair value of defined benefit plan assets	44,942	42,497
Net asset/(liability) in the statement of financial position	2,467	(2,615)

Note 18. Retirement benefit assets / (liabilities) (continued)

Fair value of Plan assets

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated entity				
Asset category				
Investment funds	44,942	-	44,942	-

Categories of plan assets
The major categories of plan assets are as follows:

	Consolidated 2021 %	Consolidated 2020 %
Cash and cash equivalents	6.00%	11.00%
Equity instruments	39.00%	36.00%
Debt instruments	12.00%	16.00%
Property	7.00%	8.00%
Other assets	36.00%	29.00%

Reconciliations

	Consolidated 2021 $'000	Consolidated 2020 $'000
Reconciliation of the present value of the defined benefit obligation, which is fully funded:		
Balance at the beginning of the year	45,112	39,123
Current service cost	1,148	1,019
Interest cost	755	889
Actuarial losses / (gains) arising from changes in financial assumptions	(4,763)	1,854
Actuarial losses arising from experience	1,354	3,031
Benefits paid	(1,338)	(979)
Other	(133)	(181)
Contribution by plan participants	340	356
Balance at the end of the year	42,475	45,112
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	42,497	41,058
Actuarial return on plan assets less interest income	2,859	1,311
Benefits paid	(1,338)	(979)
Interest income	717	932
Contributions from plan participants	340	356
Other	(133)	(181)
Balance at the end of the year	44,942	42,497

Note 18. Retirement benefit assets / (liabilities) (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income
The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	Consolidated	
	2021 $'000	2020 $'000
Current service cost	1,148	1,019
Interest cost	38	(43)
Total amount recognised in profit or loss	1,186	976

Significant actuarial assumptions
The significant actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated	
	2021 %	2020 %
Discount rate	3.00%	1.80%
Future salary increases	3.25%	3.28%
Expected rate of pension increase	2.00%	2.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation			
	Change in assumption (%)		Increase in assumption ($'000)		Decrease in assumption ($'000)	
	2021	2020	2021	2020	2021	2020
Discount rate	0.5%	0.5%	(1,766)	(2,119)	1,888	2,285
Salary rate	0.5%	0.5%	1,222	1,419	(1,175)	(1,359)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Risk exposure
There are a number of risks to which the Plan exposes the consolidated entity. The more significant risks relating to the defined benefits are:

- Investment risk - the risk that investment returns will be lower than the assumed and the consolidated entity will need to increase contributions to offset this shortfall.
- Salary growth risk - the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk - the risk is that legislative changes could be made which increase the cost of providing the defined benefits.
- Pension risks - the risk is firstly that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period. Secondly, that a greater proportion of eligible members will elect to take a pension benefit, which is generally more valuable than the corresponding lump sum benefit.
- Inflation risk - the risk that inflation is higher than anticipated, increasing pension payments, and thereby requiring additional employer contributions.

The defined benefit asset/(liability) recognised in the Statements of Financial Position represents the present value of the defined benefit obligation adjusted for unrecognised past service cost, net of the fair value of plan assets.

Any asset resulting from this calculation is limited to the past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Note 18. Retirement benefit assets / (liabilities) (continued)

The plan assets are invested by the trustee in a pool of assets with plans providing defined benefits for other employers. The assets have a benchmark weighting to equities of 50% and therefore the plan has a significant concentration of equity market risk. However within the equity investments, the allocation both globally and across the sectors is diversified.

Critical accounting estimates and judgements

(i) Discount Rate applied to Defined Benefits

As discussed above, defined benefit plan obligations are discounted to present value. The discount rate is determined by reference to the market yield on high quality corporate bonds from observable yield curves.

(ii) Assumptions used in actuarial valuation

The consolidated entity relies on valuations performed by suitably qualified actuaries in recognising the defined benefit superannuation plan accounting. Disclosures regarding the outcomes of such valuations and the key assumptions used have been outlined above.

Note 19. Right-of-use assets

	Consolidated	
	2021	2020
	$'000	$'000
Non-current assets		
Land and buildings - right-of-use	74,455	68,909
Less: Accumulated depreciation	(19,300)	(7,119)
	55,155	61,790
Plant and equipment - right-of-use	5,744	3,480
Less: Accumulated depreciation	(2,568)	(1,101)
	3,176	2,379
	58,331	64,169

Additions to the right-of-use (ROU) assets during the 2021 financial year were $291 thousand (2020: $16,474 thousand).

Refer to note 22 for accounting policies for leases.

Note 20. Trade and other payables

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current liabilities				
Trade payables	236,409	232,595	530	449
Accrued interest - other	45,643	47,537	-	-
Accrued interest - related parties	17,717	17,574	-	-
Pipeline imbalance	10,229	5,376	-	-
Payable to related parties	2,064	1,673	-	120
GST payable	27,909	19,969	-	-
	339,971	324,724	530	569
Non-current liabilities				
Trade payables	1,822	1,804	-	-
	341,793	326,528	530	569

Refer to note 33 for further information on financial instruments.

Note 20. Trade and other payables (continued)

The carrying amounts of current trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Trade and other payables accounting policies

(i) Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Accrued interest
Accrued interest is the amount of interest that has accumulated on a borrowing since the last interest payment date which is still unpaid at the end of the reporting period.

Note 21. Contract liabilities

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current liabilities		
Contract liabilities	108,670	31,873
Non-current liabilities		
Contract liabilities	47,476	55,183
	156,146	87,056

Contract liabilities accounting policies

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Current balance includes $63,800 thousand relates to Burwood sale.

Note 22. Lease liabilities

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current liabilities		
Lease liabilities - IFRS 16	10,098	10,670
Burrup extension pipeline	1,182	1,136
	11,280	11,806
Non-current liabilities		
Lease liabilities - IFRS 16	52,305	58,048
Burrup extension pipeline	11,281	12,463
	63,586	70,511
	74,866	82,317

Note 22. Lease liabilities (continued)

	Consolidated 2021 $'000	2020 $'000
Amounts recognised in the statement of profit or loss		
Depreciation charge on ROU - Buildings	12,181	9,347
Depreciation charge on ROU - Other	1,467	1,101
	13,648	10,448
Interest expense on lease liabilities	2,680	2,484
Expense relating to short-term leases	409	919
Expenses relating to low-value assets	-	-
Expenses relating to variable lease payments	1,783	2,026

The total cash outflow for leases in 2021 was $9,294 thousand (2020: $14,156 thousand).

(a) Accounting policies for leases
A lease liability is recognised at the commencement date of a lease and measured at amortised cost using the effective interest method. The lease liability is initially measured as the net present value of:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date net of any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term;
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Burrup extension pipeline

The consolidated entity entered into a lease agreement with EPIC Energy (Pilbara Pipeline) Pty Ltd to lease a portion of the Burrup Extension Pipeline ("BEP"). The lease agreement specifies an initial base rent of $1.7 million per annum (calculated as at 1 January 2008 and escalated by CPI annually on 1 January) over an initial lease term of 20 years. The fair value of the lease at the start of the lease term (18 December 2010) was determined at $22.8 million and equates to an implicit interest rate of 6.8% pa.

(b) Critical accounting judgements, estimates and assumptions

Incremental borrowing rate
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Note 22. Lease liabilities (continued)

To determine the incremental borrowing rate, the consolidated entity:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the consolidated entity, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, currency and security.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 23. Borrowings

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current liabilities				
Bank loans - secured	419,194	313,963	-	-
Fixed rate debt - secured	47,668	-	-	-
Loans from related parties	1,332,000	-	-	-
Bank loans - unsecured	140,000	-	-	-
US Senior notes - unsecured	139,972	-	-	-
US Senior notes - secured	145,562	-	-	-
	2,224,396	313,963	-	-
Non-current liabilities				
Bank loans - secured	1,687,897	2,804,095	-	-
Fixed rate debt - secured	1,587,700	1,143,289	-	-
Medium term notes - secured	449,981	124,969	-	-
Redeemable preference shares	201,180	201,180	-	-
Loans from related parties	2,694,186	4,024,854	26,186	24,854
Bank loans - unsecured	-	249,484	-	-
US Senior notes	541,561	139,762	-	-
Fixed rate debt - unsecured	1,226,995	1,287,813	-	-
Medium term notes - unsecured	279,778	149,954	-	-
Government loans	2,570	1,787	-	-
US Senior notes - unsecured	-	678,290	-	-
	8,671,848	10,805,477	26,186	24,854
	10,896,244	11,119,440	26,186	24,854

Refer to note 33 for further information on financial instruments.

Note 23. Borrowings (continued)

Details of borrowing in current financial year, are set out below:

Bank loans

Operating Entity / Currency	Principal Value $'000	Maturity	Interest rate / basis	Fair value adjustment $'000	Unamortised costs & discounts $'000	Book value $'000	Debt instrument
United Energy / AUD	140,000	11/12/2022	BBSY + 0.65%	-	-	140,000	Bank loans - unsecured
Multinet / AUD	300,000	02/12/2023	BBSY + 1.30%	-	(380)	299,620	Bank loans - secured
EDL / AUD	125,000	30/09/2024	BBSY +1.15%	-	(460)	124,540	Bank loans - secured
EDL / AUD	125,000	31/07/2023	BBSY + 1.6%	-	(251)	124,749	Bank loans - secured
EDL / AUD	20,000	30/07/2023	BBSY + 1.3%	-	(200)	19,800	Bank loans - secured
EDL / GDP	74,212	23/11/2026	SONIA + 1.083%	-	(365)	73,847	Bank loans - secured
EDL / USD	76,612	21/12/2022	Libor + 1.40%	-	-	76,612	Bank loans - secured
EDL / USD	76,612	30/09/2024	Libor + 1.15%	-	(429)	76,184	Bank loans - secured
EDL / USD	211,729	31/03/2028	Libor + 1.15%	-	(1,473)	210,256	Bank loans - secured
EDL / AUD	-	21/12/2022	BBSY + 1.40%	-	(224)	(224)	Bank loans - secured
DBP / AUD	195,000	28/09/2022	BBSY + 1.30%	287	(199)	195,088	Bank loans - secured
DBP / AUD	265,000	26/01/2024	BBSY + 1.40%	1,797	(140)	266,656	Bank loans - secured
DBP / AUD	50,000	25/01/2024	BBSY + 1.20%	299	(21)	50,278	Bank loans - secured
DBP / AUD	-	03/12/2019	BBSY + 2.50%	3,819	-	3,819	Bank loans - secured
DBP / AUD	150,000	05/10/2022	BBSY + 0.95%	-	(47)	149,953	Bank loans - secured
DBP / AUD	-	06/06/2023	BBSY + 0.95%	-	(108)	(108)	Bank loans - secured
DBP / AUD	100,000	06/06/2023	BBSY + 0.75%	-	(155)	99,845	Bank loans - secured
DBP / AUD	-	06/06/2025	BBSY + 0.75%	-	(96)	(96)	Bank loans - secured
DBP / AUD	-	06/06/2025	BBSY + 1.40%	-	(148)	(148)	Bank loans - secured
DBP / AUD	110,000	19/06/2023	BBSY + 0.90%	-	(118)	109,882	Bank loans - secured
DBP / AUD	94,000	24/05/2024	BBSY + 1.10%	-	(153)	93,847	Bank loans - secured
DBP / AUD	127,000	24/05/2026	BBSY + 1.30%	-	(756)	126,244	Bank loans - secured
DBP / AUD	-	28/06/2021	RBA cash + 0.42%	-	(2,636)	(2,636)	Bank loans - secured
AGIF / AUD	-	12/11/2022	BBSY + 0.67%	-	(3,417)	(3,417)	Bank loans - secured
AGIF / AUD	12,500	05/05/2023	RBA Cash + 0.42%	-	-	12,500	Bank loans - secured
	2,252,665			6,202	(11,776)	2,247,091	

Note 23. Borrowings (continued)

Fixed rate debt

Operating Entity / Currency	Principal Value $'000	Maturity	Interest rate / basis	Fair value adjustment $'000	Unamortised costs & discounts $'000	Book value $'000	Debt instrument
United Energy / AUD	350,000	12/09/2023	3.50% fixed	9,054	-	359,054	Fixed rate debt - unsecured
United Energy / AUD	42,000	13/10/2025	4.79% fixed	2,525	-	44,525	Fixed rate debt - unsecured
United Energy / AUD	170,000	23/10/2024	3.85% fixed	6,489	(211)	176,278	Fixed rate debt - unsecured
United Energy / AUD	250,000	23/10/2024	3.85% fixed	10,407	(425)	259,981	Fixed rate debt - unsecured
United Energy / AUD	100,000	25/09/2029	2.37% fixed	(4,488)	(310)	95,202	Fixed rate debt - unsecured
United Energy / AUD	300,000	29/10/2026	2.20% fixed	(7,335)	(709)	291,955	Fixed rate debt - unsecured
Multinet / AUD	47,500	25/02/2022	3.64% fixed	168	-	47,668	Fixed rate debt - secured
Multinet / AUD	265,000	11/12/2024	3.64% fixed	8,533	-	273,533	Fixed rate debt - secured
DBP / AUD	350,000	28/05/2025	4.23% fixed	15,403	(103)	365,300	Fixed rate debt - secured
AGIF / AUD	425,000	23/11/2028	1.82% fixed	(32,734)	-	392,266	Fixed rate debt - secured
AGIF / AUD	450,000	24/06/2027	2.119% fixed	(14,361)	-	435,639	Fixed rate debt - secured
AGIF / AUD	125,000	24/06/2031	2.938% fixed	(4,038)	-	120,962	Fixed rate debt - secured
	2,874,500			(10,377)	(1,758)	2,862,363	

Medium term notes

Operating Entity / Currency	Principal Value $'000	Maturity	Interest rate / basis	Fair value adjustment $'000	Unamortised costs & discounts $'000	Book value $'000	Debt instrument
United Energy / AUD	150,000	07/02/2023	BBSY + 0.97%	-	(24)	149,976	Medium term notes - unsecured
United Energy / AUD	130,000	07/06/2024	BBSW + 0.47%	-	(198)	129,802	Medium term notes - unsecured
DBP / AUD	125,000	28/09/2023	BBSW + 2.00%	(19)	-	124,981	Medium term notes - secured
AGIF / AUD	325,000	08/01/2026	BBSW + 1.018%	-	-	325,000	Medium term notes - secured
	730,000			(19)	(222)	729,759	

Note 23. Borrowings (continued)

Loans from related parties

Operating Entity / Currency	Principal Value $'000	Maturity	Interest rate / basis	Fair value adjustment $'000	Unamortised costs & discounts $'000	Book value $'000	Debt instrument
CKUK / USD	10,474	21/10/2029	4.50% fixed	-	-	10,474	Loans from related parties[1]
CKUK / USD	10,474	21/10/2029	4.50% fixed	-	-	10,474	Loans from related parties[2]
CKUK / USD	5,238	21/10/2029	4.50% fixed	-	-	5,238	Loans from related parties[3]
CKHC / AUD	533,000	09/05/2022	BBSY + 2.75%	-	-	533,000	Loans from related parties[2]
CKHC / AUD	533,000	09/05/2024	BBSY + 3.00%	-	-	533,000	Loans from related parties[2]
CKHC / AUD	534,000	09/05/2026	BBSY + 3.25%	-	-	534,000	Loans from related parties[2]
CKHC / AUD	533,000	09/05/2022	BBSY + 2.75%	-	-	533,000	Loans from related parties[4]
CKHC / AUD	533,000	09/05/2024	BBSY + 3.00%	-	-	533,000	Loans from related parties[4]
CKHC / AUD	534,000	09/05/2026	BBSY + 3.25%	-	-	534,000	Loans from related parties[4]
CKHC / AUD	266,000	09/05/2022	BBSY + 2.75%	-	-	266,000	Loans from related parties[3]
CKHC / AUD	267,000	09/05/2024	BBSY + 3.00%	-	-	267,000	Loans from related parties[3]
CKHC / AUD	267,000	09/05/2026	BBSY + 3.25%	-	-	267,000	Loans from related parties[3]
	4,026,186			-	-	4,026,186	

[1] CKA Holdings UK Limited is the lender of the loan.
[2] CKI Gas Infrastructure Limited is the lender of the loan.
[3] PAH Gas Infrastructure Limited is the lender of the loan.
[4] CK William Topco Limited is the lender of the loan.

Redeemable preference shares

Operating Entity / Currency	Principal $'000	Maturity	Interest rate / basis	Fair value adjustment $'000	Unamortised costs & discounts $'000	Book value $'000	Debt instrument
United Energy / AUD	120,396	24/07/2023	13.50% fixed	-	-	120,396	Redeemable preference shares
United Energy / AUD	52,173	29/01/2029	11.75% fixed	-	-	52,173	Redeemable preference shares
United Energy / AUD	28,611	11/03/2031	11.75% fixed	-	-	28,611	Redeemable preference shares
	201,180			-	-	201,180	

Note 23. Borrowings (continued)

US Senior note

Operating Entity / Currency	Principal $'000	Maturity	interest rate / basis	Fair value adjustment $'000	Unamortised costs & discounts $'000	Book value $'000	Debt instrument
United Energy / USD	135,428	13/10/2022	3.28% fixed	4,544	-	139,972	US Senior notes - unsecured
United Energy / USD	100,216	13/10/2025	3.59% fixed	7,207	-	107,424	US Senior notes - unsecured
United Energy / USD	398,872	22/02/2029	4.09% fixed	36,602	(1,337)	434,137	US Senior notes - unsecured
Multinet / USD	142,199	25/02/2022	3.39% fixed	3,363	-	145,562	US Senior notes - secured
	776,715			51,716	(1,337)	827,095	

Government loans

Operating Entity / Currency	Principal $'000	Maturity	Interest rate / Basis	Fair value adjustment $'000	Unamortised costs & discounts $'000	Book value $'000	Debt instrument
DBP / AUD	88,067	27/10/2103	Nil	-	(85,497)	2,570	Government loans

(i) Secured liabilities and assets pledged as security
Assets pledged for security for current and non-current borrowings include all current and non-current assets of DBP and the majority of the current and non-current assets of EDL.

Total assets pledged as security, based on historical cost in DBP and EDL is $5,613 million (2020: $5,382 million).

(ii) Compliance with loan covenants
CK William Australia Holdings Pty Ltd and its subsidiary entities have complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods.

(iii) Risk exposures
Details of the consolidated entity's exposure to risks arising from current and non-current borrowings are set out in note 33.

(iv) Borrowings accounting policies
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Where the facility is denominated in currencies other than AUD, these have been translated to AUD equivalent.

Note 24. Provisions

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current liabilities		
Employee benefits	62,610	54,512
Environmental	454	455
Unfavourable contracts	15,093	17,648
Other	100,376	100,336
Unaccounted for Gas	-	239
Onerous Lease	2,645	2,569
Site rehabilitation	9,384	736
	190,562	176,495
Non-current liabilities		
Employee benefits	6,573	6,324
Unfavourable contracts	543,164	564,714
Other	2,363	1,863
Unaccounted for Gas	2,895	1,759
Environmental	-	5,230
Site rehabilitation	199,996	198,121
	754,991	778,011
	945,553	954,506

Note 24. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, are set out below:

Consolidated - 2021	Employee benefits $'000	Unfavourable contracts $'000	Site rehabilitation $'000	Environmental $'000	Onerous lease $'000	Unaccounted gas $'000	Other $'000	Total $'000
Carrying amount at the start of the year	60,836	582,362	198,857	5,685	2,569	1,998	102,199	954,506
Additional provisions recognised	31,583	-	8,928	-	-	-	890	41,401
Reductions - payments/ other sacrifices of future economic benefit	(22,941)	(24,105)	976	-	-	(238)	(350)	(46,658)
Reductions - re-measurement or settlement without cost	(371)	-	(1,070)	(5,231)	-	(1,500)	-	(8,172)
Foreign exchange revaluation	76	-	1,689	-	76	-	-	1,841
Transferred to receivables	-	-	-	-	-	2,635	-	2,635
Carrying amount at the end of the year	69,183	558,257	209,380	454	2,645	2,895	102,739	945,553
Payable in less than one year	62,610	15,093	9,384	454	2,645	-	100,376	190,562
Payable in more than one year	6,573	543,164	199,996	-	-	2,895	2,363	754,991

(a) Information about individual provisions and significant estimates

Employee benefits
The provision for employee benefits relates to the consolidated entity's liability for long service leave and annual leave. Provision has been calculated by discounting obligations to present value. The timing of the utilisation of the provision is uncertain and will occur in periods beyond balance date.

Environment provision
Provisions for future environmental remediation are recognised where sites subject to the Environment Protection Act 1970 of Victoria, are known to be contaminated and it is probable that an outflow of economic benefits will be required to remediate the site. The estimated future outflows are the best estimate of the expenditure required to remediate the sites using third party costing estimates discounted. Future remediation costs are reviewed annually and any changes in estimates are reflected the income statement.

The timing of the utilisation of the provision is expected to occur primarily after one year from balance date.

Unfavourable Contracts
Unfavourable contracts have been recognised as an acquisition adjustment of the DUET Group. These contracts have been determined based on discounted cash flows and the forecast revenue, discounted over the contract period. One contract relates to provision of pipeline capacity. The actual reservation charge per the contract is lower than forecast regulated tariffs. The provision will be utilised over the contract period of 40 years.

Unaccounted for Gas
The provision relates to the cost that is incurred to reimburse gas retailers for the loss of gas between the point that the gas enters the network and the consumption read at the meter, in excess of the allowed benchmark. The provision will be utilised over the next two years.

Note 24. Provisions (continued)

Site rehabilitation
The consolidated entity has provisions for removal and remediation costs that include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas for the power generating facilities. Although the ultimate cost to be incurred is uncertain, the consolidated entity's businesses estimate their costs using current restoration standards and techniques. Removal and remediation costs are provided for based on the net present value of the estimated future costs of removal and remediation to be incurred in the accounting period when the obligation arises, which usually corresponds to the period when the consolidated entity will commence remediation operations at a particular site. The costs are estimated on the basis of an estimated site exit date, and are reviewed at each reporting period during the life of the operation to reflect known developments.

Rehabilitation of power generating facilities comprises 100 sites with final remediation expected in 2071. Other remediation activities relating to pipeline infrastructure are expected to occur by 2085.

Other
The consolidated entity is in discussion with the Australian Taxation Office (ATO) on various matters including the previous tax groups within the DUET Group (DUET) prior to the acquisition of DUET in May 2017. An amount of $100 million has been recognised to reflect these uncertain tax matters.

(b) Accounting policies for provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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 cash flows.

(c) Critical accounting judgements, estimates and assumptions

Discount Rate applied to Employee Entitlements and Defined Benefits
Long term employee benefits balances and defined benefit plan obligations are discounted to present value. The discount rate is determined by reference to the market yield on high quality corporate bonds from observable yield curves.

Environment provision
The consolidated entity relies on valuations performed by Environmental Specialists to estimate the clean-up cost of EPA notices.

Site rehabilitation
Site rehabilitation liabilities are discounted to present value. The key assumptions in the estimation process are the expected exit date of the site, the cost estimate and the discount rate. Discount rates for pipeline infrastructure reduced from 1.5% to 2.4% based on 30 year Australian government bond rates resulting in an increased present value of rehabilitation costs. Discount rates for electricity infrastructure vary by location between 3.4% to 4.6%. These assumptions may change in response to changes in generation, operating licences or other economic conditions.

Note 25. Other liabilities

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current liabilities		
Security deposits payable	13,867	821
Deferred revenue	89,565	18,495
	103,432	19,316
Non-current liabilities		
Subsidies and grants received in advance	1,746	1,866
	105,178	21,182

Note 26. Deferred tax

(i) Taxable and deductible temporary differences

2021	**Opening balance $'000**	**Charged to income $'000**	**Consolidated Charged to other comprehensive income $'000**	**Foreign exchange $'000**	**Closing balance $'000**
Property, plant and equipment	(850,781)	(53,892)	-	(4,048)	(908,721)
Intangible assets	(58,236)	6,637	-	1,289	(50,310)
Provisions	262,695	(3,967)	-	588	259,316
Doubtful debts and impairment losses	374	76	-	-	450
Deferred income	(5,775)	113	-	-	(5,662)
Defined benefit superannuation liability	784	73	(1,588)	-	(731)
Derivative Financial instruments	68,455	(1,399)	(85,327)	84	(18,187)
Other	16,764	37,481	(742)	6	53,509
Tax losses	119,144	(4,840)	-	2,412	116,716
	(446,576)	(19,718)	(87,657)	331	(553,620)

2020	**Opening balance $'000**	**Charged to income $'000**	**Consolidated Charged to other comprehensive income $'000**	**Foreign exchange $'000**	**Closing balance $'000**
Property, plant and equipment	(824,832)	(33,943)	-	7,994	(850,781)
Intangible assets	(62,438)	4,235	-	(33)	(58,236)
Provisions	268,654	(4,941)	2	(1,018)	262,695
Doubtful debts and impairment losses	643	(269)	-	-	374
Deferred income	(2,749)	(3,026)	-	-	(5,775)
Defined benefit superannuation liability	(590)	302	1,072	-	784
Derivative Financial instruments	24,228	20,279	24,026	(78)	68,455
Other	7,472	7,544	1,683	65	16,764
Tax losses	175,462	(48,436)	-	(7,882)	119,144
	(414,150)	(58,255)	26,783	(952)	(446,576)

Tax losses above include recognition of tax losses in the year by controlled foreign entities of $97,212 thousand (2020: $81,505 thousand). The recognition of this deferred tax asset is supported by taxable temporary differences and, where applicable, forecast modelling of taxable profits.

<u>Unrecognised tax losses</u>

The consolidated entity has unrecognised tax losses on overseas operations of $17,771 thousand (2020: $15,512 thousand) not included in the above tax losses. Included in unrecognised tax losses are losses that will expire between 2022 – 2030.

Note 26. Deferred tax (continued)

(ii) Deferred tax assets and liabilities

	Consolidated 2021 $'000	2020 $'000
Deferred tax assets comprise:		
Tax losses - revenue	116,716	119,144
Temporary differences	315,088	349,507
	431,804	468,651
Deferred tax (liabilities) comprise:		
Temporary differences	(985,424)	(915,227)
Net deferred tax liability	(553,620)	(446,576)

Note 27. Issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	3,415,000,001	3,415,000,001	3,415,000	3,415,000

	Parent			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	3,415,000,001	3,415,000,001	3,415,000	3,415,000

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 28. Reserves

The following table shows a breakdown of the Statement of Financial Position line item 'reserves'. A description of the nature and purpose of each reserve is provided below the table.

	Consolidated 2021 $'000	2020 $'000
Foreign currency reserve	6,483	(27,661)
Hedging reserve - cash flow hedges	4,906	(162,701)
	11,389	(190,362)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollar. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 28. Reserves (continued)

Hedging reserve
The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Hedging reserve - cash flow hedges $'000	Foreign currency reserve $'000	Total $'000
Balance at 1 January 2020	(111,694)	11,438	(100,256)
Foreign currency translation	-	(39,099)	(39,099)
AUD interest rate swaps	(192,694)	-	(192,694)
Interest rate swaps transferred to Profit or Loss	116,271	-	116,271
Movement in CFD	(22,851)	-	(22,851)
CFD transferred to P&L	18,711	-	18,711
Cross currency interest rate swaps	(3,970)	-	(3,970)
Income tax relating to these items	24,913	-	24,913
Non-controlling interest	8,613	-	8,613
Balance at 31 December 2020	(162,701)	(27,661)	(190,362)
Foreign currency translation	-	34,144	34,144
AUD interest rate swaps	293,866	-	293,866
Interest rate swaps transferred to Profit or Loss	17,208	-	17,208
Movement in CFD	(32,397)	-	(32,397)
CFD transferred to P&L	(1,456)	-	(1,456)
Cross currency interest rate swaps	6,687	-	6,687
Income tax relating to these items	(85,172)	-	(85,172)
Non-controlling interest	(31,129)	-	(31,129)
Balance at 31 December 2021	4,906	6,483	11,389

Note 29. Retained profits

	Consolidated		Parent	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Retained profits at the beginning of the financial year	430,064	269,272	81,029	16,654
Profit after income tax expense for the year	193,540	189,304	72,964	90,875
Dividends paid (note 31)	(81,000)	(26,500)	(81,000)	(26,500)
Actuarial gain/(loss) on defined benefit plans, net of tax	3,239	(2,243)	-	-
Transfer from Non-controlling interest	-	231	-	-
Retained profits at the end of the financial year	545,843	430,064	72,993	81,029

Note 30. Non-controlling interest

	Consolidated	
	2021 $'000	2020 $'000
Reserves	(3,658)	(33,111)
Accumulated losses	(39,339)	(37,372)
	(42,997)	(70,483)

Note 31. Dividends

Dividends paid during the financial year were as follows:

	2021 $'000	2020 $'000
Dividend declared and paid for the year ended 31 December 2021 is 2.37 cents (2020: 0.78 cents)	81,000	26,500

This excludes dividends payable to non-controlling interests in relation to the subsidiaries of the group.

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

The consolidated entity will distribute surplus operating cash to shareholders as dividends after assessing growth opportunities within the operating entities.

Note 32. Derivative financial instruments

	Consolidated	
	2021 $'000	2020 $'000
Current assets		
Forward foreign currency contracts	578	-
Interest Rate Swaps	231	-
Cross currency swaps	24,700	-
Electricity Contracts for difference	75	2,621
	25,584	2,621
Non-current assets		
Forward foreign currency contracts - held for trading	11	-
Interest Rate Swaps	175,816	137,372
Cross currency swaps	37,663	48,801
	213,490	186,173
Current liabilities		
Interest Rate Swaps	(3,178)	(2,645)
Forward foreign exchange contracts	(71)	(4,551)
Electricity Contracts for difference	(18,265)	-
	(21,514)	(7,196)
Non-current liabilities		
Interest rate swap contracts	(152,196)	(287,261)
Electricity Contracts for difference	(1,928)	-
Gas Contracts for difference	(14,745)	(3,634)
Cross currency swaps	-	(3,304)
	(168,869)	(294,199)
	48,691	(112,601)

Refer to note 33 for further information on financial instruments.

(i) Classification of derivatives

Note 32. Derivative financial instruments (continued)

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to mature within 12 months after the end of the reporting period.

For hedged forecast transactions that result in the recognition of a non-financial asset, the consolidated entity has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

(ii) Accounting for load following swaps

Electricity and Gas Contracts for difference are accounted for as cash flow hedges only when they are firm commitments and not load following swaps. Non-firm commitments are not accounted for as cash flow hedges.

Note 33. Financial instruments

(a) Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign exchange, and interest rate), credit risk, liquidity risk and commodity price risk. Our major exposure to interest rate risk and foreign currency risk arises from our long-term borrowings. We have also translation foreign currency risk associated with transactional foreign currency exposures, such as purchases made in foreign currencies.

The consolidated entity's overall risk management strategy focuses on monitoring and managing these financial risks such that potential adverse effects on the consolidated entity's financial performance are minimised. Financial risk management is carried out by the four operating groups' Treasury functions under policies approved by the board of directors. Written policies exist covering specific areas such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative and non-derivative financial instruments and the investment of excess liquidity.

The consolidated entity uses the following type of derivative financial instruments to hedge these risk exposures:

- Interest rate swap contracts: the consolidated entity agrees to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of changing interest rates on the fair value of fixed rate debt held and the cash flow exposures of floating rate debt held.
- Cross-currency swap contracts: the consolidated entity agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate. Such contracts enable the consolidated entity to mitigate the risk of adverse movements in foreign exchange rates.
- Foreign currency forward contracts: the consolidated entity undertakes certain transactions denominated in foreign currencies, primarily USD, from which exposure to exchange rate fluctuations arise. Such contracts enable the consolidated entity to lock in the exchange rate at the future date for the payment or receipt.
- Fixed price electricity contracts: the consolidated entity earns income from electricity markets from which exposure to commodity pricing risk arise. Such contracts enable the consolidated entity to reduce the variability of income from certain electricity generation sites.
- Fixed price gas contracts: the consolidated entity income from the sale of natural gas from which exposure to commodity pricing risk arise. Such contracts enable the consolidated entity to reduce the variability of income from certain gas generation sites.

Hedge accounting is a technique that enables the matching of the gains and losses on designated hedging instruments and hedged items in the same accounting period to minimise volatility in Profit or Loss. To the extent permitted by IFRS 9, we formally designate and document these financial instruments as fair value and cash flow hedges for accounting purposes. In order to qualify for hedge accounting, IFRS 9 requires that prospective hedge effectiveness testing meets all of the following criteria:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- the hedge ratio is the same as that resulting from amounts of hedged items and hedging instruments for risk management.

Note 33. Financial instruments (continued)

(b) Derivatives

The consolidated entity uses derivative financial instruments for two types of hedges:

	Fair value hedges	Cash flow hedges
Objective	To convert fixed interest rate borrowings to floating interest rate borrowings.	To hedge the exposure arising from variability in future interest and foreign currency cash flows arising from borrowings that bear interest at variable rates, or are denominated in foreign currency. Cash flow hedging is also used to mitigate the foreign currency exposure arising from anticipated future transactions
Recognition date	At the date the instrument is entered into.	At the date the instrument is entered into.
Measurement	Measured at fair value.	Measured at fair value.
Changes in fair value	Changes in the fair value of the hedging instrument and changes in the fair value of the hedged item that is attributable to the hedged risk (fair value hedge adjustment) are recognised in Profit or Loss. Ineffectiveness reflects the extent to which the fair value movements do not offset and is primarily driven by movements in credit of the hedging instrument. Fair value hedges have an economic relationship on the basis that the critical terms of the hedging instrument and hedged item (including face value, cash flows and maturity date) are aligned. The relationship between the hedged risk and the corresponding value of the hedging derivatives results in a hedge ratio of one.	Ineffectiveness is recognised in the Profit or Loss if the change in the fair value of the hedging instrument exceeds the change in fair value of the underlying hedged item for the hedged risk. The portion of fair value movement qualifying as effective movement is recognised in the cash flow hedge reserve in equity. All cash flow hedges are in effective hedge relationships on the basis that the critical terms of the hedging instrument and hedged item are aligned (including face values, cash flows and currency). During the year, there has been no material ineffectiveness attributable to the cash flow hedges.

Fair value hedges have an economic relationship on the basis that the critical terms of the hedging instrument and hedged item (including face value, cash flows and maturity date) are aligned. The relationship between the hedged risk and the corresponding value of the hedging derivatives results in a hedge ratio of one.

The cumulative amount of fair value hedge adjustments which are included in the carrying amount of our borrowings in the Statement of Financial Position is shown below:

	Consolidated	
	2021	2020
	$'000	$'000
Fixed rate instruments		
Face value as at 31 December	3,651,216	3,044,662
Unamortised discounts/premiums	3,490	5,615
Establishment costs	(4,064)	(5,572)
Amortised cost	3,650,642	3,044,705
Cumulative fair value hedge adjustments	38,816	204,449
Carrying amount	3,689,458	3,249,154

	2021	2020
	$'000	$'000
Change in value of hedged item during year	438,796	217,989

For fixed rate instruments, face value represents the face value in the underlying currency converted at the spot exchange rate as at reporting date. Revaluation impacts since inception of the borrowings due to foreign exchange movements are reflected in the amortised cost balance.

Note 33. Financial instruments (continued)

(i) Fair value measurements

The consolidated entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL); and
- Derivative financial instruments.

Foreign currency forward contracts are measured using the discounted cash flow method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Interest rate swaps are measured using the discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Cross-currency interest rate swaps are measured using the discounted cash flow method. Future cash flows are estimated based on forward currency rates (from observable yield curves at the end of the reporting period) and contract currency rates, discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Electricity contracts for difference are measured using the discounted cash flow method. Future cash flows are estimated based on forward market prices and contract prices, discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and applied within a valuation technique.
- Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs) and applied within a valuation technique.

Note 33. Financial instruments (continued)

Consolidated Entity - at 31 December 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Interest rate swap contracts - cash flow hedges	-	127,197	-	127,197
Cross currency swaps - fair value through profit and loss	-	74,488	-	74,488
Interest rate swaps contracts – fair value hedges	-	48,851	-	48,851
Electricity Contracts for difference – cash flow hedges	-	75	-	75
Forward foreign exchange contracts - net investment hedges	-	457	-	457
Forward foreign exchange contracts - fair value through profit and loss	-	132	-	132
Total financial assets	-	251,200	-	251,200

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Cross currency swaps - cash flow hedges	-	(12,125)	-	(12,125)
Interest rate swap contracts – cash flow hedges	-	(92,461)	-	(92,461)
Interest rate swap contracts – fair value hedges	-	(62,914)	-	(62,914)
Electricity Contracts for difference – cash flow hedges	-	(20,194)	-	(20,194)
Forward foreign exchange contracts – fair value through profit and loss	-	(71)	-	(71)
Forward foreign exchange contracts - net investment hedges	-	-	(14,745)	(14,745)
Total financial liabilities	-	(187,765)	(14,745)	(202,510)

Consolidated Entity - at 31 December 2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Interest rate swap contracts – cash flow hedges	-	4,545	-	4,545
Cross currency swaps – fair value hedges	-	88,543	-	88,543
Interest rate swap contracts – fair value hedges	-	132,827	-	132,827
Electricity Contracts for difference – cash flow hedges	-	2,621	-	2,621
Total financial assets	-	228,536	-	228,536

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Cross Currency Swaps - cash flow hedges	-	(39,742)	-	(39,742)
Cross Currency Swaps – fair value hedges	-	(3,304)	-	(3,304)
Interest rate swap contracts – cash flow hedges	-	(285,009)	-	(285,009)
Interest rate swap contracts – fair value hedges	-	(4,891)	-	(4,891)
Interest rate swap contracts – fair value through profit and loss	-	(6)	-	(6)
Gas Contracts for difference – cash flow hedges	-	-	(3,634)	(3,634)
Forward foreign exchange contracts – fair value through profit and loss	-	(62)	-	(62)
Forward foreign exchange contracts – net investment hedges	-	(4,489)	-	(4,489)
Total financial liabilities	-	(337,503)	(3,634)	(341,137)

There were no transfers between Level 1 and 2 during the year. There were no transfers into or out of Level 3 during the year.

Note 33. Financial instruments (continued)

(ii) Fair value of financial instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. These instruments are valued using the same methodology as the level 2 instruments described in this note.

	Consolidated Carrying value $'000	Fair value $'000
2021		
Medium term notes	729,759	731,989
Redeemable preference shares	201,180	217,516
US Senior notes	827,095	831,153
Fixed rate note	2,862,363	2,894,402
Bank loans	2,247,091	2,256,038
	6,867,488	6,931,098
2020		
Medium term notes	274,923	277,543
Redeemable preference shares	201,180	311,568
US Senior notes	818,052	818,501
Fixed rate note	2,431,102	2,466,428
Bank loans	3,367,542	3,379,801
	7,092,799	7,253,841

Note 33. Financial instruments (continued)

(c) Hedging

Consolidated entity 2021	Notional $'000	Weighted average effective interest rate %	Carrying amount - Asset $'000	Carrying amount - Liability $'000	Changes in the value of hedging instrument recognised in other comprehensive income $'000	Changes in fair value used for calculating hedge ineffectiveness $'000	Weighted average Maturity date
Foreign currency risk							
Cross-currency interest rate swaps - cash flow hedges	398,872	4.09%	-	12,125	(6,687)	27,617	11/02/2029
Cross-currency interest rate swaps - fair value hedges	758,783	3.76%	74,488	-	-	(10,751)	14/10/2025
FX Forward - Net Investment	93,000	-	457	-	-	4,946	07/05/2022
Interest rate risk							
Interest Rate Swaps - cash flow hedges	6,237,020	1.67%	127,197	92,461	(311,074)	315,200	21/01/2026
Interest Rate Swaps - fair value hedges	2,874,500	3.03%	48,851	62,914	-	(141,999)	03/06/2026
Commodity price risk							
Electricity CFD	-	-	75	20,914	(22,740)	(22,740)	24/10/2022
Gas CFD	-	-	-	14,745	(11,111)	(11,111)	31/08/2041

Consolidated entity 2020	Notional $'000	Weighted average effective interest rate %	Carrying amount Asset $'000	Carrying amount Liability $'000	Changes in the value of hedging instrument recognised in other comprehensive income $'000	Changes in fair value used for calculating hedge ineffectiveness $'000	Weighted average Maturity date
Foreign currency risk							
Cross-currency interest rate swaps - cash flow hedges	398,872	4.09%	-	39,742	4,597	(40,235)	11/02/2029
Cross-currency interest rate swaps - fair value hedges	43,500	3.76%	-	4,489	-	(4,489)	13/07/2021
Interest rate risk							
Cross-currency interest rate swaps - fair value hedges	758,783	3.76%	88,543	3,304	-	(1,332)	29/05/2026
Interest Rate Swaps - cash flow hedges	6,406,810	1.87%	4,545	285,009	76,423	(21,463)	01/03/2025
Interest Rate Swaps - fair value hedges	2,299,500	3.22%	132,827	4,891	-	40,966	10/12/2025
Commodity price risk							
Electricity CFD	-	-	2,621	-	(505)	(505)	25/05/2021
Gas CFD	-	-	-	3,634	(3,634)	(3,634)	31/08/2041

Note 33. Financial instruments (continued)

(d) Market risk

(i) Foreign exchange risk
The consolidated entity's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The consolidated entity measures the market risk exposures using sensitivity analysis and cash flow forecasting. There has been no change from the prior year to the types of market risks the consolidated entity is exposed to or manner in which the risks are managed and measured.

Foreign exchange risk arises from recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The consolidated entity undertakes certain transactions denominated in foreign currencies, primarily US Dollars (USD), from which exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The consolidated entity's exposure to foreign currency risk (prior to hedging contracts and excluding balances of overseas entities that operate with the same functional currency as the exposure) at the reporting period, expressed in the foreign currency, was as follows:

	USD 2021 $'000	2020 $'000
Cash and cash equivalents	2,353	1,223
Borrowings	562,000	562,000
Trade and other payables	-	9
Loans from related parties	18,800	18,800

The following table details the consolidated entity's sensitivity to a 10% increase and decrease in the value of the Australian Dollar (AUD) against the relevant foreign currencies. The sensitivity analysis includes outstanding foreign currency denominated financial assets and liabilities (including derivatives) and adjusts their translation at period end for a 10% change in foreign exchange rates on a total portfolio basis with all other variables held constant. Based on Reserve Bank of Australia's AUD to USD exchange rate data between 2018 to 2021, 95% of the exchange rate movement are within 10% of the average exchange rate over the period.

	Impact on post-tax profit*		Impact on other components of equity		Total impact on equity	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
AUD/USD exchange rate - increase 10%	-	-	(7,257)	2,182	(7,257)	2,182
AUD/USD exchange rate - decrease 10%	-	-	8,145	(1,283)	8,145	(1,283)

*Changes in market rates under this scenario are assumed to have a nil impact on derivative hedge ineffectiveness as the consolidated entity has highly effective hedges in place.

Note 33. Financial instruments (continued)

(ii) Interest Rate Risk

The consolidated entity is exposed to interest rate risk as it invests and borrows funds at both fixed and floating interest rates. The risks are managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to confirm alignment with the debt and liquidity management policy and ensure that the consolidated entity is not exposed to excess risk from interest rate volatility.

Receive floating / pay fixed	Average fixed interest rate 2021 %	2020 %	Notional principal amount 2021 $'000	2020 $'000	Fair value 2021 $'000	2020 $'000
Consolidated						
Less than 1 year	1.82%	1.93%	523,324	1,120,698	(3,176)	(2,645)
1 to 2 years	2.42%	2.46%	683,500	377,400	(13,288)	(12,957)
2 to 5 years	1.39%	1.60%	3,342,112	3,453,213	59,136	(115,920)
5 years+	1.89%	2.17%	1,688,084	1,555,500	(7,936)	(148,948)
			6,237,020	6,506,811	34,736	(280,470)

Receive fixed / pay floating	Average fixed interest rate 2021 %	2020 %	Notional principal amount 2021 $'000	2020 $'000	Fair value 2021 $'000	2020 $'000
Consolidated						
Less than 1 year	5.04%	-	47,500	-	230	-
1 to 2 years	3.50%	5.04%	350,000	47,500	5,326	1,752
2 to 5 years	3.57%	3.85%	1,377,000	1,427,000	36,038	117,808
5 years+	2.12%	2.02%	1,100,000	825,000	(55,657)	8,375
			2,874,500	2,299,500	(14,063)	127,935

Note 33. Financial instruments (continued)

The sensitivity analysis contained in the table below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date with the stipulated change taking place at the start of the financial year and held constant for the reporting period. A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short and long term interest rates.

Consolidated	Net profit* 2021 $'000	2020 $'000	Cash flow hedge reserve 2021 $'000	2020 $'000	Total impact on equity 2021 $'000	2020 $'000
Impact of movement in interest rates (AUD)						
1% increase in interest rates - increase/(decrease)	(29,090)	(28,437)	164,388	176,171	135,298	147,734
1% decrease in interest rates - (decrease)/increase	29,599	29,172	(173,607)	(186,515)	(144,008)	(157,343)
Impact of movement in interest rates (USD)						
1% increase in interest rates - increase/(decrease)	(5,576)	(179)	10,187	3,494	4,611	3,315
1% decrease in interest rates - (decrease)/increase	5,576	179	(10,796)	(3,387)	(5,220)	(3,208)

*Changes in market rates under this scenario are assumed to have a nil impact on derivative hedge ineffectiveness as the consolidated entity has highly effective hedges in place.

Profit would have been affected mainly as a result of the ineffective portion of cash flow and fair value hedge transactions and floating rate financial assets and liabilities that are not in a cash flow hedge relationship. Equity, through the cash flow hedge reserve, would have been affected mainly as a result of an increase/decrease in the fair value of interest rate swaps which qualify for cash flow hedge accounting.

(iii) Commodity Price Risk

Green Credits
As at 31 December 2021, the consolidated entity held $21.7 million green credits for sale (2020: $48.1 million). The consolidated entity has a policy of entering into forward sales contracts for a proportion of green credits to manage its exposure to price risk on its green credit holdings.

Electricity Prices
The consolidated entity entered into fixed price electricity contracts to reduce the volatility attributable to price fluctuations of electricity. These contracts are for 100% of the electricity generated at certain sites for periods ranging from 1 to 3 years. Hedging the price volatility of electricity is in accordance with the operating entities risk management strategy.

As at 31 December 2021, the fair value of these full effective hedges amounted to a net liability of $20.1 million (2020: net asset of $2.6 million). The change in fair value was recognised in other comprehensive income.

Gas Prices

The consolidated entity entered into a fixed price gas contract to reduce the volatility attributable to price fluctuations of gas. This contract is for approximately 50% of the gas generated at one site for 20 years. Hedging the price volatility of gas is in accordance with the operating entities risk management strategy.

As at 31 December 2021, the fair value of these full effective hedges amounted to a net liability of $14.7 million (2020: $3.6 million). The change in fair value was recognised in other comprehensive income.

Note 33. Financial instruments (continued)

Sensitivity

Consolidated	Net profit 2021 $'000	2020 $'000	Cash flow hedge reserve 2021 $'000	2020 $'000	Total impact to equity 2021 $'000	2020 $'000
Impact of movement in electricity prices						
+10% appreciation electricity prices	-	-	5,758	142	5,758	142
-10% depreciation electricity prices	-	-	(5,758)	(119)	(5,758)	(119)
+10% appreciation gas prices	-	-	3,658	2,196	3,658	2,196
-10% appreciation gas prices	-	-	(3,658)	(2,196)	(3,658)	(2,196)

(e) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss. Default occurs when the counterparty fails to make a contractually obligated payment to us. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The consolidated entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions contracted is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 12 months.

Trade receivables consist of a large number of customers with ongoing credit evaluation performed on their financial condition. Where appropriate, additional collateral credit support is obtained to mitigate the risk of loss.

The consolidated entity does not have significant credit risk exposure to any single counterparty. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Impaired trade receivables

The consolidated entity applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The consolidated entity therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Note 33. Financial instruments (continued)

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2021					
Expected loss rate	0.1%	9.3%	18.5%	37.6%	0.5%
Gross carrying amount – trade receivables	115,030	2,027	1,008	2,554	120,619
Gross carrying amount - contract assets	157,046	-	-	-	157,046
Loss allowance	165	189	186	960	1,500

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2020					
Expected loss rate	0.4%	10.4%	21.4%	44.9%	1.2%
Gross carrying amount - trade receivables	48,205	712	1,262	3,208	53,387
Gross carrying amount - contract assets	116,842	-	-	-	116,842
Loss allowance	130	91	30	995	1,246

Allowance for expected credit losses
The expected credit loss allowance represent expected loss rate on trade receivables and contract assets where no incurred credit losses has eventuated. Set out below is the movement in the expected credit losses allowance of trade receivables and contract assets:

	Consolidated 2021 $'000	2020 $'000
Opening balance	1,246	2,172
Increase in loss allowance recognised in profit or loss during the year	664	1,409
Receivables written off during the year as uncollectable	(172)	(943)
Unused amounts reversed	(238)	(1,392)
Closing balance	1,500	1,246

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Note 33. Financial instruments (continued)

(f) Liquidity risk

The board of directors is ultimately responsible for liquidity risk and has adopted an appropriate liquidity risk management framework to manage the consolidated entity's funding and liquidity requirements. The consolidated entity manages liquidity risk at an operating entity by:

- maintaining adequate reserves, banking and reserve borrowing facilities;
- continuously monitoring forecast and actual cash flows; and
- matching the maturity profiles of financial assets and liabilities.

Liquidity and interest rate tables

The following table details the consolidated entity's remaining contractual maturity for its derivative and non-derivative financial liabilities. The table is drawn up based upon the future undiscounted principal and interest cash flows.

Consolidated 2021	Weighted average effective interest rate %	0 to 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Financial liabilities (derivative and non derivative)							
Interest rate swaps	2.5%	66,693	40,633	85,290	26,693	219,309	155,374
Medium term notes[1]	1.1%	8,913	283,482	463,660	-	756,055	729,759
Bank loans[1]	1.2%	591,821	691,407	840,320	218,573	2,342,121	2,247,091
US Senior notes[1]	3.8%	304,513	19,573	156,849	429,059	909,994	827,095
Fixed rate notes[1]	3.0%	132,624	441,663	1,537,478	1,131,076	3,242,841	2,862,363
Redeemable preference shares[1]	12.8%	25,746	139,017	28,476	107,456	300,695	201,180
Government loan[1]	-	-	-	-	88,067	88,067	2,570
Forward contracts	-	92	-	-	-	92	71
Trade and other payables	-	274,546	207	1,003	612	276,368	276,368
Loans from related parties[1]	2.7%	1,430,505	84,556	2,787,888	29,500	4,332,449	4,026,187
Total financial liabilities		2,835,453	1,700,538	5,900,964	2,031,036	12,467,991	11,328,058

[1] Balances represent the contractual undiscounted cash flows, including principal and interest payments calculated based on contractual maturities.

Note 33. Financial instruments (continued)

Consolidated 2020	Weighted average effective interest rate %	0 to 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Financial liabilities (derivative and non derivative)							
Cross currency swap-Receive USD	3.3%	(4,257)	(134,052)	-	-	(138,309)	(136,936)
Cross currency swap-Pay AUD	-	2,367	138,525	-	-	140,892	140,240
Interest rate swaps	2.0%	93,353	79,428	146,795	35,911	355,487	289,906
Medium term notes[1]	1.4%	3,991	4,090	277,334	-	285,415	274,923
Bank loans[1]	1.1%	352,201	994,824	1,684,646	452,759	3,484,430	3,367,542
US Senior notes[1]	3.7%	27,354	295,419	151,472	419,941	894,186	818,052
Fixed rate notes[1]	3.2%	73,949	119,416	1,582,086	863,402	2,638,853	2,431,102
Redeemable preference shares[1]	12.8%	25,746	25,746	158,001	116,948	326,441	201,180
Government loan[1]	-	-	-	-	88,067	88,067	1,787
Finance lease[1]	-	2,281	2,326	7,265	12,848	24,720	13,599
Forward contracts	-	3,962	-	-	-	3,962	4,551
Electricity CFD	-	50	53	(134)	3,474	3,443	3,634
Trade and other payables	-	257,940	1,804	-	-	259,744	259,724
Loans from related parties[1]	3.0%	121,859	1,437,420	1,554,576	1,392,673	4,506,528	4,024,855
Finance lease - IFRS 16[1]	-	11,316	10,113	23,680	47,708	92,817	68,718
Total financial liabilities		972,112	2,975,112	5,585,721	3,433,731	12,966,676	11,762,877

[1] Balances represent the contractual undiscounted cash flows, including principal and interest payments calculated based on contractual maturities.

Note 33. Financial instruments (continued)

(g) Offsetting financial assets and financial liabilities
The consolidated entity does not have financial instruments that meet the presentation offset requirements of IAS 32 Financial Instruments: Presentation and as such each individual financial instrument is presented gross in the Financial Statements. However, the consolidated entity has for credit management purposes, Master Netting arrangements where offset is permitted as a result of certain credit events. Application of these credit arrangements for the consolidated entity at the financial reporting date would result in the following offsets as detailed below:

Consolidated - 2021	Gross amount $'000	Net amount presented $'000	Financial instruments not set off $'000	Net amount $'000
Assets				
Derivative financial instruments	239,074	239,074	(55,106)	183,968
Total assets	239,074	239,074	(55,106)	183,968
Liabilities				
Derivative financial instruments	190,383	190,383	(55,106)	135,277
Total liabilities	190,383	190,383	(55,106)	135,277

Consolidated - 2020	Gross amount $'000	Net amount presented $'000	Financial instruments not set off $'000	Net amount $'000
Assets				
Derivatives	188,794	188,794	(137,795)	50,999
Total assets	188,794	188,794	(137,795)	50,999
Liabilities				
Derivatives	(301,395)	(301,395)	137,795	(163,600)
Total liabilities	(301,395)	(301,395)	137,795	(163,600)

Note 34. Commitments

	Consolidated	
	2021	2020
	$'000	$'000
Capital expenditure commitments		
Property, plant and equipment payable:		
Within one year	369,831	148,055
One to five years	68,924	27,008
	438,755	175,063
Expenditure commitments		
Expenditure contracted for at the reporting date but not recognised as liabilities		
Within one year	66,172	63,180
One to five years	175,051	90,266
More than five years	6,270	4,986
	247,493	158,432
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases		
Within one year	211	94
One to five years	744	59
	955	153

Pipeline licence obligations

DBP has been granted a pipeline licence to operate and maintain the Dampier to Bunbury Natural Gas Pipeline (DBNGP), and an access licence granting rights of access to the DBP corridor. Both licences have been granted by the Government of Western Australia. As the charges are determined annually, no accurate determination of these licence commitments is possible.

Note 35. Related party transactions

(a) Shareholders
The immediate parent entities of CK William UK Holdings Limited are CK William Midco Limited (40%), CK William Midco 2 Limited (40%) and CK William Midco 3 Limited (20%).

The ultimate parent entities of the consolidated entity are CK Infrastructure Holdings Limited (40%), CK Asset Holdings Limited (40%) and Power Assets Holdings Limited (20%). There is no ultimate controlling party.

(b) Parent entity
The parent entity of the consolidated entity is CK William UK Holdings Limited.

(c) Directors' loans
There were no loans in existence at balance date made, guaranteed or secured to directors of the company, director related entities, their spouses, relatives, or relatives of spouses.

(d) Subsidiaries
Interests in subsidiaries are set out in note 37 of the financial statements.

(e) Directors' equity holdings
There were no director equity holdings in existence at the balance date.

(f) Other transactions with Directors or entities related to them
No director-related entity has declared an interest in a contract, or proposed contract, during the year ended 31 December 2021 with the company or any entities in the consolidated entity, except in instances where terms are no more favourable than those expected under normal commercial arrangements, as is the case with the normal supply of electricity.

(g) Key management personnel
The company has no employees and did not incur any directors fees for 2021. Services provided to the company are charged via a management fee from CHED Services Pty Ltd to CK William (Australia) Holdings Pty Ltd.

(h) Transactions with other related parties

The following table summarises trading transactions with related parties which are considered to be at arm's length that are not members of the consolidated entity:

	Consolidated		Parent	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Sales of goods and services:				
Australian Gas Networks Limited	7,191	-	-	-
Payment for goods and services:				
CHED Services Pty Ltd	18,530	18,138	-	-
Australian Gas Networks Limited	1,834	-	-	-
Dividends paid to SGSP (Australia) Assets Pty Ltd	8,322	29,366	-	-
RPS interest paid to SGSP (Australia) Assets Pty Ltd	25,746	25,816	-	-
Service costs - ZNX(2) Pty Ltd & Zinfra Pty Ltd	147,821	135,671	-	-

SGSP (Australia) Assets Pty Ltd holds a minority interest and redeemable preference shares in UE. Refer to note 23 for further information on redeemable preference shares.

Payments to CHED Services Pty Ltd and Australian Gas Networks Limited are made under service level agreements prepared on an arm's length basis, to provide corporate services to members of the group.

Note 35. Related party transactions (continued)

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Amounts owed to related parties (excluding GST):				
CKA Holdings UK Limited	10,474	9,941	10,474	9,941
CKI Gas Infrastructure Limited	1,610,474	1,609,941	10,474	9,941
PAH Gas Infrastructure Limited	805,237	804,972	5,237	4,972
CK William Topco	1,600,000	1,600,000	-	-
SGSP (Australia) Assets Pty Ltd	2,063	1,553	-	-
ZNX(2) Pty Ltd & Zinfra Pty Ltd	11,234	10,002	-	-
Northern Gas Networks Holdings Limited	-	15	-	15
CK William Midco Limited	-	50	-	50
CK William Midco 2 Limited	-	50	-	50
CK William Midco 3 Limited	-	50	-	50
CHED Services Pty Ltd	84	1,912	-	-
Australian Gas Networks Limited	1,834	-	-	-

No provisions for doubtful debts have been raised against related party balances.

Note 36. Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its network firms:

	Consolidated		Parent	
	2021 $	2020 $	2021 $	2020 $
Audit services -				
Audit and review of financial reports	1,625,080	1,555,610	343,820	313,537
Audit of regulatory returns	522,900	335,182	-	-
Other assurance engagements	208,000	122,369	-	-
Other services -				
Tax advisory and compliance services	748,539	1,100,970	10,939	-
Advisory services	150,767	159,303	1,775	-
Total remuneration	3,255,286	3,273,434	356,534	313,537

The auditor of the consolidated entity is Deloitte LLP.

CK William UK Holdings Limited
Notes to the financial statements
31 December 2021

Note 37. Interests in subsidiaries

Details of the consolidated entity's subsidiaries at 31 December 2021 are set out below

Name of entity	Registered address	Principal activities	Ownership interest held by the group in ordinary share capital 2021 %
CK William Australia Holdings Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Holding company	100
CK William Australia Bidco Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Holding company	100
DUET Company Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Holding company	100
DUET Finance Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Holding company	100
DUET Finance Trust	Level 9, 40 Market Street, Melbourne, Australia	Holding company	100
Australia Gas Infrastructure Holdings Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Holding company	100
Diversified Utility and Energy Trust No 3	Level 9, 40 Market Street, Melbourne, Australia	Trust	100
DUET 2008 Funding Sub Trust	Level 9, 40 Market Street, Melbourne, Australia	Trust	100
DMC1 Ltd	Level 9, 40 Market Street, Melbourne, Australia	Trustee	100
Diversified Utility and Energy Trust 1	Level 9, 40 Market Street, Melbourne, Australia	Holding company	100
United Energy Distribution Holdings Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Holding company	66
Power Partnership Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Dormant	66
United Nominees Assets Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Dormant	66
United Energy Distribution Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Distribution services	66
Utilities Consulting Services Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Dormant	66
United Energy Finance Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Dormant	66
UEIP Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Dormant	66
United Energy Finance Trust	Level 9, 40 Market Street, Melbourne, Australia	Dormant	66
United Energy Services Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Services	66
UE & Multinet Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Corporate Services	83
Pacific Indian Energy Services Pty Ltd	Level 9, 40 Market Street, Melbourne, Australia	Dormant	83
Multinet Group Holdings Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Gas Distribution	100
Australian Energy Finance Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Utilicorp Southern Cross Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Utilicorp Australia (Gas) Holdings Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Utilicorp Australia (Gas) Finance Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Energy Partnership (Holdings) Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Energy Partnership Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100

Note 37. Interests in subsidiaries (continued)

Name of entity	Registered address	Principal activities	Ownership interest held by the group in ordinary share capital 2021 %
Energy Partnership (Gas) Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Provider of finance	100
Multinet Gas (DB No. 1) Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Gas Distribution	100
Multinet Gas (DB No. 2) Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Gas Distribution	100
Multinet Gas Distribution Partnership	Level 6, 400 King William Street, Adelaide, Australia	Gas Distribution	100
Multinet Gas (IE) Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Amistel Pty Ltd	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Australian Energy Fund No.2	Level 6, 400 King William Street, Adelaide, Australia	Dormant	100
Dampier Bunbury Investment Company Pty Ltd	Level 14, 20 Martin Place, Sydney, NSW 2000	Dormant	100
DUET Dampier Bunbury Pty Ltd	Level 14, 20 Martin Place, Sydney, NSW 2000	Holding company	100
DBP Development Group Nominees Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
DBNGP Trust	Level 6, 12-14 The Esplanade, Perth, Australia	Trustee	100
DBNGP Holdings Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Holding company	100
DBNGP Finance Co Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Finance	100
DBNGP (WA) Nominees Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Holding company	100
DBNGP (WA) Transmission Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transmission	100
DBNGP Compressor Co. Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
DBNGP (WA) Finance Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Finance	100
AGI Finance Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Finance	100
DBP Development Group Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas Pipeline	100
DBP Development Group Operations Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
DDG Tubridgi Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
DBP Development Group Trust	Level 6, 12-14 The Esplanade, Perth, Australia	Gas Pipeline	100
DBP Development Group Ashburton Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
DBP Development Group FR Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
AGI Tanami Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
DBNGP WA Pipeline Trust	Level 6, 12-14 The Esplanade, Perth, Australia	Gas transportation	100
DUET EDL Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100
AGI Holdings Pty Ltd	Level 6, 12-14 The Esplanade, Perth, Australia	Holding company	100

Note 37. Interests in subsidiaries (continued)

Name of entity	Registered address	Principal activities	Ownership interest held by the group in ordinary share capital 2021 %
Energy Developments Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100
Cosmo Power Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL (OCI) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL (TT) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL CNG (NT) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Contracting Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Finance	100
EDL CSM (NSW) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL CSM (QLD) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Developments (Australia) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100
EDL Doublet (CP-AU) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100
EDL Group Operations Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Maintenance services	100
EDL Holdings (Australia) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100
EDL International Holdings Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100
EDL LFG (ACT) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL LFG (NSW) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL LFG (QLD) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL LFG (SA) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL LFG (VIC) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL LNG (WA) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL NGD (NT) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL NGD (QLD) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL NGD (WA) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Operations (Australia) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100
EDL Pilbara Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Projects (Australia) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Retail Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Finance	100
EDL Technologies Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL Triplet (CP-UK) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Holding company	100

Note 37. Interests in subsidiaries (continued)

Name of entity	Registered address	Principal activities	Ownership interest held by the group in ordinary share capital 2021 %
Energy Generation Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Operations (Berwick) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL Operations (Corio) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL LNG Fuel to Power Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Operations (Lyndhurst) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL Operations (Pedler Creek) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL LNG Fuel to Power Operator Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Operations (Tea Tree Gully) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL Jabiru Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL Operations (Belrose) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Dormant	100
EDL Agnew Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
Landfill Gas & Power Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
Cullerin Range Wind Farm Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
Regional Wind Farms Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
Blackwater Solar Farm Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
Weipa Solar Farm Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
EDL Doublet (CP-AU) Pty Ltd & EDL Triplet (CP-UK) Pty Ltd	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	100
BioGas Energy Ano Liosia SA	24 Xenias Street, P.C 11528, Athens, Greece	Generation	50
EBAL Joint Venture	24 Xenias Street, P.C 11528, Athens, Greece	Dormant	10
EDL Hellas Monoprossopi EPE	24 Xenias Street, P.C 11528, Athens, Greece	Holding company	100
Indy High BTU, LLC	2561 W. Kentucky Avenue, Indianapolis IN 46260, United States	Generation	25
Bio Energy (UK) Ltd	2nd Floor, Rickyard Barn, Pury Hill Business Park, Alderton Road, Paulerspury, Northamptonshire, NN12 7LS, United Kingdom	Finance	100
EDL (UK) LFG Generation Ltd	2nd Floor, Rickyard Barn, Pury Hill Business Park, Alderton Road, Paulerspury, Northamptonshire, NN12 7LS, United Kingdom	Generation	100
EDL Franklin UK Ltd	2nd Floor, Rickyard Barn, Pury Hill Business Park, Alderton Road, Paulerspury, Northamptonshire, NN12 7LS, United Kingdom	Holding company	100
EDL Holdings (UK) Ltd	2nd Floor, Rickyard Barn, Pury Hill Business Park, Alderton Road, Paulerspury, Northamptonshire, NN12 7LS, United Kingdom	Holding company	100
Energy Developments (UK) Ltd	2nd Floor, Rickyard Barn, Pury Hill Business Park, Alderton Road, Paulerspury, Northamptonshire, NN12 7LS, United Kingdom	Maintenance services	100
Broadrock Biopower I, LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100
Broadrock Management LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100

Note 37. Interests in subsidiaries (continued)

Name of entity	Registered address	Principal activities	Ownership interest held by the group in ordinary share capital 2021 %
Brea Parent 2007, LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100
Rhode Island LFG Genco, LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100
Brea Generation LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100
Brea Power II, LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100
Providence Power LLC	40 Shun Pike, Johnston RI 02919, United States	Dormant	100
Rhode Island Engine Genco, LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100
Broadrock Gas Services, LLC	40 Shun Pike, Johnston RI 02919, United States	Generation	100
Energy Developments (Canada) Inc.	4500 Bankers Hall East, 855 - 2nd street S.W, Calgary, Canada	Holding company	100
Lidya Energy Inc.	4500 Bankers Hall East, 855 - 2nd street S.W, Calgary, Canada	Dormant	100
Lidya Energy LP	4500 Bankers Hall East, 855 - 2nd street S.W, Calgary, Canada	Generation	100
Bio Energy (Alabama), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (Austin), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (Georgia), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (I), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Holding company	100
Bio Energy (II), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Holding company	100
Bio Energy (III), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Holding company	100
Bio Energy (Illinois), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (Ohio II), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (Ohio), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (Tennessee), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Dormant	100
Bio Energy (Texas), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (US), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Finance	100
EDL Holdings (US), Inc.	608 S. Washington Avenue Lansing Michigan 48933, United States	Holding company	100
Energy Developments Inc.	608 S. Washington Avenue Lansing Michigan 48933, United States	Maintenance services	100
Bio Energy (Georgia II), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (Ohio III), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
EDL Holdings (Gem), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Holding company	100
Energy Developments Honey Brook, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100

Note 37. Interests in subsidiaries (continued)

Name of entity	Registered address	Principal activities	Ownership interest held by the group in ordinary share capital 2021 %
Energy Developments Morgantown, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Decatur, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Lansing, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Hancock County, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Byron Center, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Grand Blanc, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
LFG Production of Morgantown, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Zook Generation, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	99
Energy Developments South Jordan, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Lake County, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Pinconning, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Indy, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Michigan, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
LFG Production of Coopersville, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments (Gem Midco), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments (Gem BD Projects), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Coopersville, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments Watervliet, LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Bio Energy (Tennessee II), LLC	608 S. Washington Avenue Lansing Michigan 48933, United States	Generation	100
Energy Developments (Operations), Inc.	2501 Coolidge Suite 100, East Lansing, Michigan 48823, United States	Dormant	100
WE Joint Venture (joint operation)	Level 6, Waterfront Place, 1 Eagle St, Brisbane, QLD, Australia 4000	Generation	50

Significant restrictions
There are no significant restrictions applied to members of the consolidated entity.

Subsidiaries accounting policies

Subsidiaries are all entities (including structured entities) over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Note 37. Interests in subsidiaries (continued)

The acquisition method of accounting is used to account for business combinations by the consolidated entity
Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Interests in associates and joint ventures

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. For consolidation purposes the results of the associates are immaterial and are therefore not disclosed separately.

Note 38. Changes in liabilities arising from financing cashflows

Consolidated	Loans from related $'000	US notes $'000	Other borrowings $'000	Redeemable shares $'000	Finance lease $'000	Total $'000
Balance at 1 January 2020	4,027,257	853,876	6,075,951	201,180	78,834	11,237,098
Net cash used in financing activities	-	-	(3,281)	-	(8,528)	(11,809)
Acquisition of leases	-	-	-	-	16,474	16,474
Exchange differences	(2,403)	-	(41,129)	-	(2,446)	(45,978)
Changes in fair values	-	(36,260)	37,101	-	-	841
Other changes	-	436	6,712	-	(2,017)	5,131
Balance at 31 December 2020	4,024,854	818,052	6,075,354	201,180	82,317	11,201,757
Net cash used in financing activities	-	-	(111,264)	-	(9,294)	(120,558)
Acquisition of leases	-	-	-	-	291	291
Exchange differences	1,332	-	(87,168)	-	1,552	(84,284)
Changes in fair values	-	8,855	(146,454)	-	-	(137,599)
Other changes	-	188	111,315	-	-	111,503
Balance at 31 December 2021	4,026,186	827,095	5,841,783	201,180	74,866	10,971,110

Consolidated	2021 $'000	2020 $'000
Net cash used in/(from) financing activities per statement of cash flows	(212,001)	(76,457)
Less dividends paid to non-controlling interests in subsidiaries	7,813	36,098
Less settlement of foreign exchange contracts	2,648	2,050
Less dividends paid	81,000	26,500
	(120,540)	(11,809)

Note 39. Significant accounting policies

The principal activities of the Company and its subsidiaries (the consolidated entity) and the nature of the consolidated entity's operations are set out in the strategic report on page 1.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Basis of preparation
The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the IASB.

The separate financial statements of the company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CK William UK Holdings Limited ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. CK William UK Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Foreign currency translation
The financial statements are presented in Australian Dollar, which is CK William UK Holdings Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian Dollar using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 39. Significant accounting policies (continued)

Foreign operations
The assets and liabilities of foreign operations are translated into Australian Dollar using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian Dollar using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification
Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when:

- it is either expected to be settled in the consolidated entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Deferred tax assets and liabilities are always classified as non-current.

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets
Investments and other financial assets, other than interests in subsidiaries or associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 39. Significant accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Foreign currency transactions
All foreign currency transactions during the financial period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated using the exchange rate at that date.
Exchange rate differences are brought to account in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise except that:

(i) exchange differences which related to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and

(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 33).

Value-Added Tax ('VAT') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Interest Rate Benchmark Reform – Phase 2
The interest rate benchmark reform aims to discontinue Interbank Offered Rates (**IBORs**) and replace these interest rate benchmarks with alternate Risk Free Rates (**RFRs**).

In the prior year the consolidated entity has adopted *Interest Rate Benchmark Reform*. These amendments modify specific hedge accounting requirements and allow the consolidated entity to apply certain exceptions in respect of hedge relationships that are impacted by market wide interest rate benchmark reform.

In the current year, the consolidated entity has adopted *Interest Rate Benchmark Reform – Phase 2*. The consolidated entity has applied these reliefs resulting in no impact on the consolidated entity hedge accounting. Upon transition to alternative benchmarks the group will seek to apply further reliefs in IFRS 9 and continue to apply hedge accounting to its hedging arrangements.

Risks arising from the interest rate benchmark reform
The amendments are relevant for cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings. The consolidated entity currently has three loans which are Libor linked for a total of $364,953 thousand, represent 3% of the total borrowings. The consolidated entity will continue to apply the Phase 1 amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the consolidated entity is exposed ends. The consolidated entity expects this uncertainty will continue until the consolidated entity's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

Note 39. Significant accounting policies (continued)

Going Concern
The group's business activities, performance and position, together with its principal risks and uncertainties likely to affect its future development and performance are set out in the strategic report and above. As at 31 December 2021, the group's current liabilities exceed its current assets by $2,213,016 thousand (2020: $151,738 thousand), inclusive of maturing shareholder loan of $1,332,000 thousand. The directors have made enquiries and reviewed the forecasts, including sensitivity analysis, and in light of the facilities available to the group, have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

Notwithstanding the working capital deficiency, the directors believe that the going concern assumption is appropriate and that the consolidated entity will be able to pay its debts as and when they fall due given:

- The consolidated entity has access to $1,647,323 thousand in unused finance facilities as at 31 December 2021;
- The consolidated entity has forecasted to generate operating cash flows and profits in 2022;
- The operating entities of the consolidated entity have a history of refinancing expiring debt facilities.
- The consolidated entity has refinanced maturing shareholder loan of $1,332,000 thousand with shareholders in April 2022.

Note 40. Events after the reporting period

In December 2021, United Energy entered into a contract of sale to dispose of the Burwood depot for consideration of $70,000 thousand resulting in a net gain from sale of $60,353 thousand. Settlement occurred on the 11th of January 2022. The depot is classified as available for sale in current assets as at 31 December 2021. The overall transaction includes a lease and relocation agreement in respect of the company's exit from the property and establishment of a replacement depot. Ownership transfer of the depot and commencement of the lease occurred in January 2022 and as such the accounting impact of these transactions will be included in the year ending 31 December 2022.

In April 2022, the consolidated entity successfully refinanced maturing shareholder loan of $1,332 million.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Independent auditor's report to the members of CK William UK Holdings Limited

Report on the audit of the financial statements

Opinion
In our opinion:
- the financial statements of CK William UK Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated statement of profit or loss and other comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 40.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:
- assessment of the group's financial position, including the ability to meet liabilities as they fall due;
- assessment of the forecast for the going concern period and the assumptions used for each business component;
- understanding the key financing facilities, their maturity, repayment terms and applicable covenants;
- assessment of the group's ability to refinance borrowings that fall due in the going concern period;
- performing sensitivities over the forecast position to understand the impact of any reasonably possible downside in the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included relevant energy sector regulations across the group.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:
- Revenue recognition occurrence as a result of manual adjustments posted directly to revenue. We have performed testing of all manual journals posted to revenue to understand the business rationale for the posting and agreed to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anthony Matthews

Anthony Matthews FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
04 July 2022