craiganderson
CHARTERED ACCOUNTANTS

NetworkTasman TRUST

Financial Statements

For the Year ended 31st March 2021

NetworkTasman TRUST

Index to 2021 Annual Report

NetworkTasman TRUST

Chair's Report to Annual Meeting - Friday 30 July 2021

The Trust has continued to hold regular meetings throughout the year dealing with a range of issues. The Trust has maintained an excellent relationship with the Board and Directors of Network Tasman Limited.

The Trust and Board have met on three occasions to discuss matters of common interest and particularly to review the Company's Statement of Corporate Intent. As Chair of the Trust I have met regularly with Board Chairman John McCliskie who has kept us well informed of the Company's activities.

The Trust has been a member of the ETNZ (Energy Trusts of New Zealand) for many years. Both Trevor Tuffnell and I have sat on the executive of ETNZ at different times. The meetings have provided Trustee education about both the role of a Trustee and about the industry in which we are involved. Two Trustees attended the AGM in November (delayed from May due to Covid-19) but Trustees decided in December to end our membership.

Finance

The Trust received interest income of $35,813 from various investments held during the year and a net dividend of $1,600,000 from Network Tasman Ltd. After deducting operating expenses of $223,459, consumer distributions of $4,436,520 and Income Tax of $49,188 the Trust was left with an after-tax operating deficit of $3,073,354 (2020 - $1,497,210). This was a planned deficit and is expected to continue for the next few years while interest rates remain low. This year the Trust considered the impact of Covid-10 on the consumers and made an increase distribution of $110 earlier in the year, which was paid via consumers' power accounts.

In addition to the above income, funds accumulated from the sale of the Company's retail arm are invested with Jarden and other financial institutions. These total $14.5 million and the financials showed a surplus of $1,922,807 (2020: deficit $596,540) after taking into account a donation of $225,000 to the Network Tasman Charitable Trust, operating expenses and income tax.

Community Activities

This year the Network Tasman Charitable Trust paid out $128,018 in grants and donations of $125,000.

Sir Wallace Rowling Scholarships

This year, there were four Sir Wallace Rowling Scholarships awarded, receiving $3,000 (x2), $2,000 and $1,000. The scholarships support students going on to tertiary education.

Our congratulations to Esther Walters of Nelson College for Girls who was going on to study a Bachelor of Criminal Justice at University of Canterbury, Holly Rillstone of Collingwood Area School who was going on to study a Bachelor of Learning and Teaching (Primary) at University of Canterbury. Jack Rollinson of Waimea College who was going on to study a Bachelor of Commercial Music at Massey, Wellington and Niamh Tasker of Motueka High School who was going on to study a Bachelor of Science (Marine Biology) at Victoria University.

Guidelines for Access to Info

We operate within the Guidelines for access to information agreed upon between Energy Trusts of New Zealand and the Minister of Energy. These guidelines are available for inspection at our secretary's office and on the Network Tasman website. During the year Network Tasman received no request for information other than requests specified in clause 6.2 of the guidelines.

In this next section of this Report, we detail some activities of Network Tasman Limited. This information has been extracted from the Network Tasman Limited Annual Report.

Operational and Financial Performance

Continued regional growth supported strong contributions across the business with key highlights from the core electricity, fibre and investment property business units. We have exceeded our SCI financial targets for 2020/21, delivering an operating surplus of $11.8 million, $6.8 million above the target of $5.0 million and $0.8 million above last year. The major variance from last year was an increase in distribution revenue of $1.9 million, property revaluation of $2.8 million and vested assets of $1.9 million offset by increased expenses of $1.5 million and a deferred tax charge of $3.1 million resulting from impact the property portfolio revaluations, vested assets and financing arrangements (2020 $1.5 million deferred tax credit). Prudent financial management has seen operating costs per connection continue to lie below the national average for electricity distribution businesses (EDB's).

Customer contributions of $4.1 million reflect the continued buoyant nature of the residential property market with a number of large subdivisions being developed across the region. Consumers received two line discounts totalling a record $13.5 million including GST ($12.1 million in 2020) that were credited to consumers' power accounts during the year. Cash flow from operations was $16.2 million for the year, $1.3 million above last year with a stronger than expected recovery from COVID-19. The cash flow enables Network Tasman to fund both maintenance and growth capital expenditure on the electricity network and fund additional investments in the fibre optic communications network as required.

At the end of the financial year the group had total cash of $4.1 million.

Network Tasman spent $11.9 million on capital expenditure during the year. Our capital investment in the electricity network has been concentrated on accommodating the growth that is occurring on our region and improving network safety and reliability. The reliability of the electricity distribution network is a key company objective. To meet this objective directors continue to review capital expenditure plans, network design and management options to improve feeder reliability across the network.

In the non-regulated business units, the company's investment properties and investments in advanced meters by Network Tasman and On Metering are realising increasing returns, backed by long-term contracts with retailers. Capital expenditure on the fibre network has been focused on organic growth around the existing network including reticulating the steady growth in rural sub-divisions in the Tasman Region. The financial targets as set down in Network Tasman's Statement of Corporate Intent, are compared below with the actual results for the year ended 31 March 2021. The company paid a fully imputed dividend of $1.6 million to the Network Tasman Trust.

Health and Safety

Over the 2020/21-year, Network Tasman has faced many new challenges resulting from the worldwide COVID-19 pandemic. It has been a year of intense health and safety growth, and the resulting momentum and increased capability is continuing as we refine our existing health and safety management system. This will ensure we have the rigour and flexibility to respond to organisational, national, and global influences appropriately.

Ensuring our health and safety management system reflects Network Tasman's business scope, and as such protects our workers, contractors and all others affected by the work we do, remains our ultimate priority. We are actively reviewing the quality of our system through internal and external audit procedures, and are continuing to implement initiatives that engage workers and stakeholders so we remain aware of and responsive to needs. Supporting our staff by ensuring appropriate resources are available, promoting training, creating processes that encourage incident reporting, and promoting overall personal wellbeing in the workplace, are some of the ways we are striving to ensure our workplace is one that is both safe and enjoyable to work in.

A focus on early hazard identification and ongoing analysis of safety performance for both internal and external groups is continuing to clarify where we can improve. This is providing a solid framework for monitoring existing and identifying new business risks, and positive gains are evident in Network Tasman's management of these and the remedial actions implemented in response.

Contractors are an essential part of our business operations. As part of Network Tasman's contract management initiatives, networking forums have continued to be a pro-active way of increasing our relationships and connection to this vital part of our business.

Alongside new initiatives, our existing health and safety protocols continue to strengthen Network Tasman's Health and Safety Management System. This includes routine drug and alcohol testing, an active staff Health and Safety Committee, internal and external auditing of safety equipment, site inspections, management of fleet vehicle safety, and on-site safe work observations by management and directors. Training completed over the year included first aid, defensive driving, staff and contractor health and safety inductions, safety toolbox training sessions, and contractor forums targeting key safety obligations.

Review of core safety policies continued through the year, particularly our Working Alone, Fatigue, and Covid-19 Alert Level Operational Protocols. These developments underpinned an upgrade of personnel and vehicle tracking systems, and greater utilisation of a bulk text messaging facility to assist staff communication in emergency situations.

In summary, the deepening resourcefulness and commitment of Network Tasman to health and safety is continuing to grow. Looking forward, our focus remains on strengthening our safety maturity in practical integrated ways over the coming year.

Emerging Technologies

New technologies are becoming increasingly mainstream and their economic viability continues to improve. The Tasman region has one of the highest penetration rates for solar rooftop generation in New Zealand and, more generally, our region appears to have a relatively high number of early adopters of new technologies, including Electric Vehicles (EVs). The company is spending a considerable amount of time identifying, researching and preparing for the impact and opportunities of these new technologies. We firmly believe the key to the effective implementation of new technologies will be collaboration between lines companies to share knowledge and experience and fostering relationships with organisations at the forefront of the various technologies. Co-operation and knowledge sharing will contribute to an environment that allows for more efficient investment in and use of new technologies. The company works closely with solar installers to ensure all installations comply with our technical and safety standards and balance benefits for consumers and the load management needs of the network. As part of this process we have trialed grid tied battery/inverter options, firstly with a system that will be set up in "energy arbitrage" mode and secondly an "on demand discharge" mode. As with controlled hot water storage, distributed batteries may form an integral part of the future energy solution for our customers and to maximise our network performance.

Pricing and Discounts

Network Tasman continues to have one of the lowest residential line charges in the country. Consumers received $13.5 million including GST credited to their power accounts ($12.1 million in 2020). This included bringing forward and increasing by $1 million, the winter discount paid to consumers. The winter discount was increased and brought forward in response to the COVID-19 pandemic and its effects on consumers across our network. As a regulated business, Network Tasman remains subject to the Commerce Commission's Default Price Path regime (DPP). The DPP regime was re-set for a five-year period from 1 April 2020. The 2020 reset saw a reduction in the weighted average cost of capital (WACC) permitted for regulated distributors from 7.19% to 4.57%. The reduced WACC significantly lowered the maximum revenue the company is allowed to recover each year from prices. Network Tasman remains well below the revenue cap set by the Commerce Commission ($1.5 million below the cap for the current year).

Network Tasman Fibre

Network Tasman Fibre continues to expand the range of fibre services we provide to the local market. Connections on the network continue to grow, as previously contracted residential and commercial sub-divisions are completed, and our valued added services such as our managed CCTV service increases. The fibre business continues to have a strong forward work programme of new contracted residential and commercial sub-divisions. While competition from wireless service providers is likely to intensify as new generations of technology are developed, fibre networks have demonstrated their resilience and ability to meet the ever-increasing demands for data capacity.

Advanced Meters

Network Tasman provides advanced metering services to 75% of our ICPs. Returns from the investment are underpinned by long term contracts with major retailers. Our associate company, SmartCo Limited is developing a number of tools that will enable us to more effectively manage our network. With the mass deployment of electronic meters by Network Tasman now complete, the focus has shifted to how we can use the data provided by the meters to improve how we manage our network assets. On Metering Limited (OML) our joint venture with Alpine Energy Limited, currently has 28,928 meters installed on the MainPower network (75% of the total ICP's). After a period of significant investment in its advanced meter deployment, On Metering is forecast to deliver returns to shareholders going forward.

Regulation

As a non-exempt electricity distribution company, Network Tasman continues to be subject to price and quality regulation by the Commerce Commission. The company's audited annual compliance statement shows that it was fully compliant with both the price and quality controls for 2020/21. In 2020/21, Network Tasman's total line revenue was $1.5 million below the regulated maximum allowable revenue set by the Commission. The allowable revenue that each regulated lines company can earn is reset every five years by the Commerce Commission with the DPP3 reset applying from 1 April 2020. Network Tasman is also subject to regulation from the Electricity Authority. The Electricity Authority's areas of focus that are relevant for the distribution sector include:

- Encouraging more cost-reflective distribution and transmission pricing; and

- Removing inefficient barriers to the development and use of evolving technologies and business models across the electricity supply chain.

The Government's Electricity Price Review working group published its final report in October 2019. The review's primary focus was on consumer interests and concerns – particularly affordability, energy hardship and giving consumers more influence on the direction of the industry. Although the distribution sector undoubtedly has an influence on these matters, the report's recommendations on these issues largely related to other parts of the electricity sector. Of most relevance to Network Tasman were the recommendations to repeal the low fixed charge tariff regulations and give the Commerce Commission more power to exempt distributors from price and quality regulation. The Government has an ongoing work programme to implement many of the report's recommendations, including the two recommendations most relevant to Network Tasman. Looking forward, industry regulation will need to evolve to ensure the distribution sector can efficiently assist New Zealand to make a smooth transition to a low carbon economy. At this stage, it is not clear how the Government and industry regulators (the Electricity Authority and the Commerce Commission) will alter Network Tasman's regulatory environment. However, notwithstanding this regulatory uncertainty, the company continues to proactively prepare the network, and its processes and practices, to ensure Network Tasman is a facilitator of the transition to a low carbon economy.

Dividend

Network Tasman again paid a fully imputed dividend of $1.6 million to our shareholder, the Network Tasman Trust. Local consumer ownership of the network has returned in excess of $230 million by way of discounts and dividends since the company was established in 1993.

Conclusion

To all Trustees, thank you for your continued support in making the Chair a satisfying position. Thank you also to our Secretary Marina Buonocore and her staff at Craig Anderson Ltd and finally thank you to the Directors and Management of the Company. When we compare Network Tasman Ltd alongside other lines companies, the Trustees and beneficiaries/consumers are very grateful for how you have positioned the Company. We look forward to working with you in dealing with the challenges of the future.

Gwenny Davis
Chair

Directory

As at 31 March 2021

Network Tasman Trust

Legal Name	Network Tasman Trust
Nature of Trust	Electricity Consumer Investment Trust
Date Settled	1 May 1993
Trustees	S G Davis (Chair) I F Kearney T M Kreft I P Barker P J Adamson J L Edgar
Secretary	M Buonocore
Registered Office	270a Queen Street Richmond 7020
Postal Address	P O Box 3115 Richmond 7050
Accountants	Craig Anderson Limited Richmond
Auditors	NMA Nelson Marlborough Audit Limited

Network Tasman Limited

Directors	M J McCliskie (Chair) A P Reilly S L Smith S J Weir L R McKenzie A J Miller
Registered Office	52 Main Road Hope 7020
Postal Address	P O Box 3005 Richmond 7050

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

NMA Nelson Marlborough Audit Limited

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Statement of comprehensive income / (loss)
For the year ended 31 March 2021

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Total operating revenue	2	55,375	48,922	1,636	2,046
Total operating expenses	3	(41,573)	(41,682)	(4,660)	(3,479)
Operating surplus / (loss) before income tax		13,802	7,240	(3,024)	(1,433)
Share of surplus of associate	17	704	954	0	0
Operating surplus / (loss)		14,506	8,194	(3,024)	(1,433)
Income tax (expense) / income	4	(5,445)	(1,258)	(49)	(64)
Operating surplus / (loss) for the period		9,061	6,936	(3,073)	(1,497)
Other comprehensive income		0	0	0	0
Network Tasman share revaluation		0	0	12,134	8,433
Total comprehensive income / (loss)		9,061	6,936	9,061	6,936
Total comprehensive income / (loss):					
Comprehensive income from continuing activities		9,061	6,936	9,061	6,936
Comprehensive income from discontinued activities		0	0	0	0
		9,061	6,936	9,061	6,936

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

NMA Nelson Marlborough Audit Limited

Network Tasman Trust & Subsidiaries

Statement of changes in equity
For the year ended 31 March 2021

craiganderson CHARTERED ACCOUNTANTS

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Total equity at beginning of period	7	**227,423**	220,396	**227,423**	220,396
Operating surplus / (loss)		**9,061**	6,936	**(3,073)**	(1,497)
Other comprehensive income					
Network Tasman subsidiaries share revaluation		**0**	0	**12,134**	8,433
Consumer distribution adjustment		**98**	91	**98**	91
Transfers from revaluation reserve		**0**	0	**0**	0
Total equity at end of period	7	**236,582**	227,423	**236,582**	227,423

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

NMA Nelson Marlborough Audit Limited

Network Tasman Trust & Subsidiaries

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Balance sheet

As at 31 March 2021

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Current assets					
Cash and cash equivalents	9	7,309	1,949	42	21
Other financial assets	10	0	2,000	0	2,000
Trade receivables	11	5,357	5,063	0	0
Loans to joint ventures	19	3,739	3,989	0	0
Other current assets	12	999	951	0	13
Total current assets		17,404	13,952	42	2,034
Non-current assets					
Property, plant and equipment	13	204,581	197,955	0	0
Advances to subsidiaries	14	0	0	6,884	8,043
Investment properties	15	34,040	30,323	0	0
Intangible assets	16	447	404	0	0
Investment in associates and joint ventures	17	13,235	13,231	0	0
Investment in subsidiaries	18	0	0	229,935	217,801
Other non-current assets	20	933	0	0	0
Other investments	21	11,418	12,411	0	0
Total non-current assets		264,654	254,324	236,819	225,844
Total assets		282,058	268,276	236,861	227,878
Current liabilities					
Payables and accruals	22	13,395	11,709	279	455
Provisions	23	328	265	0	0
Loans and Borrowings	24	0	250	0	0
Total current liabilities		13,723	12,224	279	455
Non-current liabilities					
Provisions	23	250	238	0	0
Loans and Borrowings	24	0	0	0	0
Deferred taxation	25	31,503	28,391	0	0
Total non-current liabilities		31,753	28,629	0	0
Equity					
Attributable to trustees of the trust	7	236,582	227,423	236,582	227,423
Total equity		236,582	227,423	236,582	227,423
Total liabilities and equity		282,058	268,276	236,861	227,878

For and on behalf of the Trustees;

Trustee:

Trustee:

Date: 7.7.2021

NMA Nelson Marlborough Audit Limited

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

craiganderson CHARTERED ACCOUNTANTS

Statement of cash flows

For the year ended 31 March 2021

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		50,667	44,559	0	0
Dividend income received		1,020	1,464	1,600	2,000
Interest income received		185	261	37	45
Tax refunds received		62	69	9	0
		51,934	46,353	1,646	2,045
Cash was applied to:					
Payments to suppliers and employees		33,133	28,248	275	222
Income tax paid		2,741	3,110	70	55
Interest expense paid		50	35	0	0
Distributions		4,439	3,211	4,439	3,211
		40,363	34,604	4,784	3,488
Net cash flows from operating activities	27	11,571	11,749	(3,138)	(1,443)
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		123	67	0	0
Proceeds from other financial assets		2,000	1,769	2,000	0
Repayments of advances and loans		250	250	1,159	1,376
Proceeds from other investments		4,271	3,250	0	0
Insurance proceeds		0	0	0	0
		6,644	5,336	3,159	1,376
Cash was applied to:					
Purchase of property, plant and equipment and investment properties		11,145	14,667	0	0
Payments from other financial assets		0	2,000	0	2,000
Payments of advances and loans		0	0	0	0
Payments from other investments		1,459	3,291	0	0
		12,604	19,958	0	2,000
Net cash flows from investing activities		(5,960)	(14,622)	3,159	(624)
Cash flows from financing activities					
Cash was provided from:					
Term Loans		0	0	0	0
Cash was applied to:					
Dividends paid		0	0	0	0
Term Loans		250	0	0	0
Finance lease repayments		0	121	0	0
		250	121	0	0
Net cash flows from financing activities	28	(250)	(121)	0	0
Net increase (decrease) in cash held		5,361	(2,994)	21	(2,067)
Cash balances at beginning of period		1,948	4,942	21	2,088
Cash balances at end of period		7,309	1,948	42	21
Composition of cash balances at end of year					
Cash on hand and at bank		3,330	445	42	21
Cash equivalents - term deposits		3,979	1,503	0	0
Total	9	7,309	1,948	42	21

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

NMA Nelson Marlborough Audit Limited

1. Statement of Accounting Policies

Statement of Compliance

The reporting entity is Network Tasman Trust. Network Tasman Trust is an Electricity Consumer Investment Trust and holds all shares in NTT Investments Limited and Network Tasman Limited.

The registered office of Network Tasman Trust and NTT Investments Limited is 270a Queen Street, Richmond, Nelson. The registered office of Network Tasman Limited is 52 Main Road, Hope, Nelson.

NTT Investments Limited is an Investment Company holding the Trust's long term investments other than the investment in Network Tasman Limited.

Network Tasman Limited is a profit-oriented company registered under the Companies Act 1993. The company is a reporting entity for the purposes of the Companies Act 1993 and its financial statements comply with that of the Act and section 44 of the Energy Companies Act 1992.

The financial statements are for Network Tasman Trust, NTT Investments Limited and Network Tasman Limited, which is referenced to as 'the "Group". Network Tasman Limited includes its interest in associate and joint venture entities (Nelson Electricity Limited and On Metering Limited) and wholly owned non-trading subsidiary company Tasman Energy Limited.

These financial statements have been prepared in accordance with Generally Accepted Accounting practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-orientated entities. The Group is a tier 1 entity.

Basis of Preparation

These financial statements are presented in New Zealand dollars, which is the groups functional and presentation currency, rounded to the nearest thousand dollars ($'000) unless otherwise stated. The financial statements have been prepared on the basis of historical cost with the exception of some distribution system assets and investment properties, which have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets.

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value was determined. Exchange differences are recognised in the operating surplus in the period in which they arise.

The financial statements comprise of a Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flow, and notes to these statements.

Goods and Services Tax (GST)

Network Tasman Trust and NTT Investments Limited are exempt from GST. Network Tasman Limited is registered for GST.

The statement of comprehensive income and cash flow statement have been prepared so that all components are stated exclusive of GST except those relating to Network Tasman Trust and NTT Investments Limited, which include a GST component.

All components in the balance sheet which relate to Network Tasman Limited are stated net of GST, except for receivables and payables which are stated inclusive of GST.

Statutory Base

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities, certain classes of property, plant and equipment, which have been included at fair value through the Statement of Comprehensive Income.

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

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Limited

New and amended standards adopted

The Group has not applied new standards and amendments for the year ending 31 March 2021.

New standards issued but not yet effective

A number of new standards and interpretations have been issued but are not yet effective for the current year-end. The reported results and financial position of the Group is not expected to change on adoption of these pronouncements as they do not result in any changes to the Group's existing accounting policies. Adoption will however result in changes to information currently disclosed in the financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2021.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parents share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Summary of Key Accounting Policies

Key accounting policies have been adopted in preparation and presentation of the financial statements and can be found in the specific note to which the policy applies.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

These accounting policies have been applied consistently to all years presented unless otherwise stated.

Other than the above, there have been no changes in accounting policies and disclosures.

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Notes to and forming part of the financial statements
For the year ended 31 March 2021

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
2. Operating revenue					
Continuing activities					
Revenue from contracts with customers		**43,636**	42,147	**0**	0
Revenue from property rental		**1,961**	1,951	**0**	0
Vested assets		**4,535**	2,594	**0**	0
Insurance proceeds		**0**	0	**0**	0
Interest income		**165**	211	**36**	46
Dividend income		**321**	413	**1,600**	2,000
Increase in fair value of investment properties	**15**	**3,440**	665	**0**	0
Change in fair value of loan to joint venture		**0**	0	**0**	0
Gain on sale of assets		**234**	(3)	**0**	0
Depreciation Recovered		**14**	0	**0**	0
Other revenue		**1,069**	944	**0**	0
Total operating revenue from continuing activities		**55,375**	48,922	**1,636**	2,046
Revenue from contracts with customers					
Distribution network revenue		**37,116**	35,260	**0**	0
Technology networks revenue		**5,435**	5,738	**0**	0
Connection fees and levies		**494**	375	**0**	0
Customer contributions		**116**	271	**0**	0
Management fees		**195**	195	**0**	0
Sundry income		**280**	308	**0**	0
		43,636	42,147	**0**	0

ACCOUNTING POLICY

Revenue

Due to time between performing the service and payment being less than one year, Network Tasman has not made any adjustment for financing costs.

Distribution network revenue
Network Tasman Limited provides electricity distribution services to electricity retailers and a small number of directly contracted customers based on both a variable (units consumed) and fixed (daily or capacity charge) component. Therefore, there is a single performance obligation. Electricity distribution services are performed on a daily basis and considered as a series of distinct services provided over time. Revenue is recognised as electricity is provided, reduced for an estimated discount based on usage. This method meets the requirements of NZ IFRS 15 in that the performance obligation is satisfied over time, as the services are delivered on a daily basis. Revenue is recognised over time using an output method. Network Tasman Limited applies the practical expedient in NZ IFRS 15 para. B16 which enables the company to revenue in the amount to which the entity has a right to invoice. This is because Network Tasman Limited has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the company's performance. Customers are invoiced monthly and payment is due in the month following invoice. Discounts are considered variable consideration, which is constrained because Network Tasman Limited has a practice of providing discounts on a biannual basis. Therefore, the amount of revenue recognised is reduced for an accrual for the expected discount to be applied based on usage.

Technology networks revenue
The technology networks revenue relates to the provision of access to Network Tasman's telecommunication and metering networks. Telecommunication customers are provided with fibre optic services and the metering customers are provided with their customers remote meter reading data. Therefore, each contract contains a single performance obligation. These services are performed on a daily basis and considered as a series of distinct services provided over time. Retail telecommunications and electricity providers gain access as the benefit, and then consume that benefit by earning revenue from the end user for data or electricity. They are invoiced at fixed rates on a monthly basis. Network Tasman recognises revenue over time based on the output method. Network Tasman applies the practical expedient in NZ IFRS 15 para. B16 which enables the company to recognise revenue in the amount to which the entity has a right to invoice. This is because Network Tasman has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the company's performance. The transaction price includes a variable component relating to service credits and liquidated damages that may be payable by Network Tasman if the company fails to meet contractual levels of service. As it is not probable that Network Tasman will be required to pay these amounts, no adjustment to revenue is required.

Connection fees and levies
Customer connection fees and levies are set out in Network Tasman Limited's Connection of New Loads to the Distribution Network policy. Performance obligations are satisfied at a point in time. Network Tasman recognises this revenue when the connections are livened.

Capital contributions
Cash contributions are cash payments from customers towards the cost of new connections and network extensions. The performance obligation is satisfied at a point in time when the asset is connected. At this point, the revenue is recognised in an amount equal to the payment received from the customer. Amounts received in advance are treated as a liability until the connection or network extension is live and operational.

NMA Nelson Marlborough Audit Limited

2. Operating revenue (cont')

ACCOUNTING POLICY

Management fees
Management fees are charged for financial and engineering services. The performance obligation is recognised over-time mirroring the revenue received.

Sundry income
Sundry income includes amounts for direct on-charges of costs and charges for services. These typically are small charges. Performance obligations are satisfied at a point in time. Revenie is recognised at that point in time.

Revenue from property rental
The income from leases is recognised in the statement of comprehensive income as it accrues.

Vested Assets
The Group acquires certain distribution assets for less than their replacement cost. Such assets are recognised at fair value and the fair value is recognised as revenue in the year of acquisition.

Investment income
Interest income is recognised in the statement of comprehensive income as it accrues. Dividend income is recognised in the statement of comprehensive income on the date that the dividend is declared.

Change in fair value of investment properties
The increase or decrease arising from the investment property valuation is recognised in the statement of comprehensive income.

KEY JUDGEMENT

Network Tasman Limited invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of metered usage figures provided by those retailers. Network Tasman Limited is entirely reliant upon the accuracy of the monthly metered data supplied by the retailers. With the majority of customers on advanced meters , the reliance on estimates has reduced. Estimates are inherent in this data, however any inaccuracies in the estimates are corrected in subsequent months when read data becomes available. All meters are read at least once a year.

	Note	**GROUP 12 months 31 March 2021 $000**	GROUP 12 months 31 March 2020 $000	**PARENT 12 months 31 March 2021 $000**	PARENT 12 months 31 March 2020 $000
3. Operating expenses					
Operating expenses include:					
Gross transmission costs		**12,966**	12,531	**0**	0
Operation & Maintenance		**6,823**	6,737	**0**	0
Depreciation of property, plant and equipment and amortisation of intangible assets					
Distribution network		**5,898**	5,703	**0**	0
Technology networks		**2,428**	2,412	**0**	0
Land & buildings		**168**	182	**0**	0
Plant & equipment		**153**	168	**0**	0
Computer equipment		**86**	296	**0**	0
Assets leased from Transpower		**0**	95	**0**	0
Intangible assets		**403**	229	**0**	0
Total depreciation of property, plant and equipment and amortisation of intangible assets		**9,136**	9,085	**0**	0
Auditors' fees					
Audit fee - Trust		**12**	10	**12**	10
Audit fee - Company		**71**	69	**0**	0
Audit fee - Non trading subsidiaries		**0**	0	**0**	0
Other assurance services - Audit New Zealand		**48**	60	**0**	0

Other assurance services comprise of an independent assurance report on Network Tasman Limited's regulatory disclosure in accordance with the Electricity (Information Disclosure) Requirements 2008 and the default price - quality path compliance statement.

NMA Nelson Marlborough Audit Limited

craiganderson
CHARTERED ACCOUNTANTS

3. Operating expenses (con't)

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Costs of offering credit					
Bad debts written off		6	89	0	0
Change in provision for doubtful debts		0	0	0	0
Governance expenses					
Directors' and Trustees' fees		349	391	116	149
Other expenses					
Distributions		4,437	3,206	4,437	3,206
Donations		234	207	0	0
Employment costs		4,180	3,973	0	0
Loss on disposal of assets		224	151	0	0
Short-term leases	24	6	6	0	0
Other expenses		3,031	5,132	95	114
Interest Expense					
Interest paid		50	35	0	0
Total expenses from continuing activites		41,573	41,682	4,660	3,479

An error in previous years Trustees honoraria payments was rectified in the prior year.

ACCOUNTING POLICY

Consumer distributions

Consumers of Network Tasman Trust are allocated a distribution each year. For the year ended 31 March 2021 this was distributed by way of a credit on consumers power bills. Consumer distributions are measured at cost.

The total distributions to consumers for the current year are recorded as an expense in the statement of comprehensive income / (loss) when authorised and issued. A provision for prior years outstanding cheques is recorded as a liability in the balance sheet.

4. Income tax

		Note	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Operating surplus before income tax			14,506	8,194	(3,024)	(1,433)
Prima facie taxation at 28% (Company)	19,130		5,356	3,256	0	0
Prima facie taxation at 33% (Trust)	-4,624		(1,526)	(1,133)	(998)	(473)
	14,506					
Plus / (less) taxation effect of:						
Non-deductible expenditure			1,599	1,786	1,464	1,058
Non-taxable revenue			(3,096)	(1,165)	(417)	(521)
Movement in deferred tax			3,112	(1,486)	0	0
Prior year adjustments			0	0	0	0
			1,615	(865)	1,047	537
Income tax expense recognised in statement of comprehensive income / (loss)			5,445	1,258	49	64
Comprising:						
Current tax liability			2,333	2,744	49	64
Deferred tax on temporary differences		25	3,112	(1,486)	0	0
			5,445	1,258	49	64

Balances payable and receivable at year end are recorded in note 12 and 22.

NMA Nelson Marlborough Audit Limited

4. Income tax (con't)

ACCOUNTING POLICY

Taxation
Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Current and deferred tax are recognised as an expense or income in the Statement of Comprehensive Income, except where they relate to items that are recognised outside the Statement of Comprehensive Income (whether in other comprehensive income or directly in equity) in which case the tax is also recognised outside the Statement of Comprehensive Income.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recognised, using tax rates that have been enacted or substantially enacted by balance date.

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
5. Imputation credit account					
Imputation credits available for use in subsequent reporting periods		**27,795**	25,874	**0**	0
6. Dividends					
Dividends during the period:					
Dividends paid		**0**	0	**0**	0
Bonus share issue		**0**	0	**0**	0
Total dividends paid		**0**	0	**0**	0
7. Equity					
Trust capital		**29,500**	29,500	**29,500**	29,500
Share premium reserve		**0**	0	**0**	0
Revaluation reserve		**0**	0	**172,751**	160,617
Retained earnings	8	**206,811**	197,750	**34,060**	37,133
Consumer distribution adjustment		**271**	173	**271**	173
Total equity		**236,582**	227,423	**236,582**	227,423
Trust capital					
Balance at beginning of period		**29,500**	29,500	**29,500**	29,500
Bonus share issue		**0**	0	**0**	0
Balance at end of period		**29,500**	29,500	**29,500**	29,500

NMA Nelson Marlborough Audit Limited

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
7. Equity (con't)					
Revaluation reserve					
Balance at beginning of period		**0**	0	**160,617**	152,184
Revaluation during year		**0**	0	**12,134**	8,433
Balance at end of period		**0**	0	**172,751**	160,617
Consumer distribution adjustment					
Balance at beginning of period		**173**	82	**173**	82
Adjustment during year		**98**	91	**98**	91
Balance at end of period		**271**	173	**271**	173

An adjustment to the presentation of trust capital and retained earnings has been made to eliminate inter-entity transactions on consolidation previously shown in the annual report.

8. Retained earnings				
Balance at beginning of period	**197,750**	190,814	**37,133**	38,630
Operating surplus / (deficit) for the period	**9,061**	6,936	**(3,073)**	(1,497)
Balance at end of period	**206,811**	197,750	**34,060**	37,133
9. Cash and equivalents				
Cash on hand and at bank	**3,330**	445	**42**	21
Cash equivalents - short term / on call deposits	**3,979**	1,503	**0**	0
Total cash and equivalents	**7,309**	1,948	**42**	21

The carrying value of short-term / on call deposits with original maturity dates of three months or less approximates their fair value.

The on call deposits are with the Bank of New Zealand and their Standards & Poors ratings is AA-.

The interest rate on this investments is 0.1% (31 March 2020: 0.1% to 3.15%).

ACCOUNTING POLICY

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks and investments in money market instruments with maturities of three months or less at their inception.

10. Other financial assets				
Term deposits	**0**	2,000	**0**	2,000
Total other financial assets	**0**	2,000	**0**	2,000

The carrying value of short-term deposits with original maturity dates of three months or more approximates their fair value.

There are no short term deposits held at year end.

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	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
11. Trade receivables					
Current					
Trade receivables		**5,370**	5,078	**0**	0
Less loss allowance		**(13)**	(15)	**0**	0
Total current receivables		**5,357**	5,063	**0**	0

The carrying value of receivables approximates their fair value. As at 31 March 2021 and 31 March 2020 the receivables have been assessed for expected credit losses. Refer to the calculation in note 30.

ACCOUNTING POLICY

Receivables
Receivables are initially measured at fair value and subsequently measured at amortised cost using effective interest method, less any loss allowance.

Impairment
Where an indicator of impairment exists either at an individual asset or at the cash generating unit level, the fair value of the asset will be determined by assessing the recoverable amount of the individual asset or the cash generating unit.

A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss for a non-revalued asset is recognised in the operating surplus for the year.

The carrying amounts of the groups assets, other than inventory, investment property and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset s recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Equity instruments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the operating surplus.

KEY JUDGEMENT

Judgement is exercised in choosing the levels of loss allowance and assessing the factors impacting recoverability.

12. Other current assets	Note	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Interest accrued		**0**	19	**0**	1
Sundry receivables		**284**	369	**0**	0
Tax Provision		**41**	65	**0**	12
Prepayments	**20**	**674**	498	**0**	0
		999	951	**0**	13

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13. Property, plant and equipment

	Electricity distribution network $000	Technology networks $000	Land & buildings $000	Plant & equipment $000	Computer equipment $000	Right-of-use assets $000	Assets under construction $000	Total assets $000
Cost or Valuation								
Balance at 1 April 2019	221,989	35,179	11,505	1,671	1,787	2,823	7,246	**282,200**
Additions / adjustments	12,531	2,728	1,346	75	279	-	(238)	**16,721**
Assets intended for sale	-	-	-	-	-	-	-	**-**
Disposals	(220)	(60)	(22)	(23)	(15)	-	-	**(340)**
								-
Balance at 31 March 2020	**234,300**	**37,847**	**12,829**	**1,723**	**2,051**	**2,823**	**7,008**	**298,581**
Balance at 1 April 2020	234,300	37,847	12,829	1,723	2,051	2,823	7,008	**298,581**
Additions / adjustments	11,672	1,969	132	147	(127)	-	1,894	**15,687**
Assets intended for sale	-	-	-	-	-	-	-	**-**
Disposals	(321)	(153)	(36)	(66)	(404)	-	-	**(980)**
Balance at 31 March 2021	**245,651**	**39,663**	**12,925**	**1,804**	**1,520**	**2,823**	**8,902**	**313,288**
Accumulated depreciation								
Balance at 1 April 2019	71,804	13,313	2,132	841	1,066	2,728	-	**91,884**
Depreciation expense	5,703	2,412	179	168	296	95	-	**8,853**
Adjustment	-	-	-	-	-	-	-	**-**
Elimination on disposal	(79)	(1)	-	(16)	(15)	-	-	**(111)**
Balance at 31 March 2020	**77,428**	**15,724**	**2,311**	**993**	**1,347**	**2,823**	**-**	**100,626**
Balance at 1 April 2020	77,428	15,724	2,311	993	1,347	2,823	-	**100,626**
Depreciation expense	5,898	2,428	173	153	86	-	-	**8,738**
Assets intended for sale	-	-	-	-	-	-	-	**-**
Elimination on disposal	(140)	(34)	(28)	(61)	(394)	-	-	**(657)**
Balance at 31 March 2021	**83,186**	**18,118**	**2,456**	**1,085**	**1,039**	**2,823**	**-**	**108,707**
Carrying amounts								
As at 31 March 2020	**156,872**	**22,123**	**10,518**	**730**	**704**	**-**	**7,008**	**197,955**
As at 31 March 2021	**162,465**	**21,545**	**10,469**	**719**	**481**	**-**	**8,902**	**204,581**

Valuation information
The company elected to use the deemed cost approach on adoption of NZ IFRS, in accordance with NZ IFRS1. This approach has used the fair value determined for each asset category at its most recent valuation and then adjusted for subsequent additions at cost. Distribution assets are valued at deemed costs based upon an independent valuation completed by PricewaterhouseCoopers as at 31 March 2004.

There are no restrictions over the title of the property, plant and equipment, except for the assets leased from Transpower, nor are any items property, plant and equipment pledged as security for liabilities.

Impairment
The company performed a fair value assessment of the property, plant and equipment and consider the carrying value is appropriate and no impairment is required.

In assessing the need for an impairment the following was considered.

- i Discounted cashflow calculation was also performed on the electricity distribution network using a post tax WACC of 4.6% resulting in a value in excess of the carrying value at 31 March 2021. A sensitivity analysis on the discounted cashflow calculation indicates that a 0.5% change in WACC would result in a $7.0 million increase or a $7.3 million decrease in the fair value. The revenue forecast is based on pricing to the regulatory revenue cap.
- ii Two discounted cashflow calculations were prepared to estimate the value of the technology networks, which comprise the fibre and metering cash generating units. The weighted average post tax WACC rate for the two valuations is 5.5%, and with a sensitivity from this rate of 0.5%, the estimated valuation is $31 - $33 million. The revenue forecast is based on the contracted income and market driven sales.

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13. Property, plant and equipment (con't)

ACCOUNTING POLICY

Initial recording
All owned items of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price plus any other costs directly attributable to bringing the item to working condition for its intended use. Donated assets are recorded at fair value.

Distribution system assets are stated at deemed cost based upon an independent valuation completed by PricewaterhouseCoopers as at 31 March 2004, except for vested assets that are recognised at fair value. Other property, plant and equipment, computer equipment and motor vehicles are recorded at cost.

Asset components
When the components of an item of property, plant and equipment have different useful lives, the cost of the item is allocated to its components and each component is accounted for separately in accordance with the company s Asset Management Plan (AMP).

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, will be capitalised to the cost of that asset. Once an asset is put into productive use, capitalisation of borrowing costs will cease.

All other borrowing costs will be recognised as an expense in the period in which they are incurred.

Subsequent expenditure
Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that the expenditure increases the economic benefits over the total life of the item beyond those most recently assessed in determining the basis of the item s carrying amount.

Disposal of property, plant and equipment
Where an item of property, plant and equipment is disposed of any gains or losses are reported in the operating surplus. An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the operating surplus in the year the item is de-recognised.

Depreciation
Depreciation of property, plant and equipment is calculated so as to expense the cost of the assets, less any residual value, over the assets' useful lives. The depreciation methods and depreciation rates used are as follows:

Asset class	Depreciation method	Depreciation rates
Distribution	Straight line	1.33% - 33.33%
Buildings	Straight line / Diminishing value	2% - 20%
Meters	Diminishing value	13% - 25%
Plant and equipment	Diminishing value	20%
Motor vehicles	Diminishing value	20%
Computer equipment	Diminishing value	48%

These rates may vary from those allowed for taxation purposes.

The depreciation rates on distribution system assets in existence at the time of the previous revaluation (31 March 2004) are based on the assessed residual lives as determined in the calculation of the Optimised Depreciated Replacement Cost (ODRC).

New distribution assets (as from 1 April 2004) were assessed based on the standard useful lives as contained in the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses as issued by the Commerce Commission and dated 30 August 2004. Pole structures, which have a physical life well in excess of the standard useful lives, were assessed by the company s qualified engineers.

Assets under construction
Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

Fair value measurement
The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

13. Property, plant and equipment (con't)

Fair value measurement (con't)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Right-of-use assets
Right-of-use assets are included in property, plant and equipment on the balance sheet. Right-of-use assets relate to historic assets constructed at Transpower NZ Limited's grid exit points prior to the introduction of NZ IFRS 16. The corresponding lease liability is outlined in note 24(c).

KEY JUDGEMENT

Significant judgement is exercised in assessing potential indicators of impairment and carrying out any required impairment tests. This includes the choice of WACC rate and forecasts. No impairments have been recognised in the current year.

	Note	**GROUP 12 months 31 March 2021 $000**	GROUP 12 months 31 March 2020 $000	**PARENT 12 months 31 March 2021 $000**	PARENT 12 months 31 March 2020 $000
14. Advances to subsidiaries					
NTT Investments Limited					
Opening balance		**0**	0	**8,043**	9,419
Plus advances		**0**	0	**0**	0
Less repayments		**0**	0	**(1,159)**	(1,376)
Closing balance at end of period		**0**	0	**6,884**	8,043
Total advances		**0**	0	**6,884**	8,043
Current advances		**0**	0	**0**	0
Non current advances		**0**	0	**6,884**	8,043
Total advances		**0**	0	**6,884**	8,043

ACCOUNTING POLICY

Advances to subsidiaries are recorded at cost less any impairment. The loan is repayable on demand. Recovery strategies indicate that the outstanding balance of the loan would be fully recoverable, therefore the expected credit loss would be limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is 0% as the loan is interest free) over the period until cash is realised.

As the borrower has sufficient liquid assets which can be accessed within a short timeframe and no other debt obligations there are no indicators of imparment on these advances.

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	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
15. Investment properties					
Movement in investment properties					
Opening balance		**30,323**	29,459	**0**	0
Plus Additions		**370**	150	**0**	0
Depreciation expense		**5**	(3)	**0**	0
Plus / (less) fair value gain / (loss) on valuation		**3,440**	665	**0**	0
Plus increase / (decrease) in assets under construction		**(98)**	52	**0**	0
Less disposals		**0**	0	**0**	0
Closing balance		**34,040**	30,323	**0**	0
Investment properties are represented by:					
Land		**13,165**	12,326	**0**	0
Buildings		**20,863**	17,887	**0**	0
Assets under construction		**12**	110	**0**	0
Total investment properties		**34,040**	30,323	**0**	0

Valuation information

The Group's investment properties primarily consist of two commercial properties in the Richmond area. 281 Queen Street is a mixed commercial and office development that has been substantially strengthened and refurbished. The other property is an industrial sub-division at 24 Main Road Hope. The properties main tenants are Farmlands Limited, Delta Utilities Limited (the company's main network contractor) and vacant land scheduled for development. The Group has no restrictions on the realisability of it's investment properties.

Investment properties were last valued by M W Lauchlan FNZIV, FPINZ, AREINZ, an independent registered valuer of Duke & Cooke Limited as at 31 March 2021. The valuation was based on fair value. Assets under construction have been valued at cost. In determining fair value, using the capitalisation of net income method, Mr Lauchlan used significant unobservable inputs (level 3 as defined by NZIFRS 13). This method is based upon assumptions including future rental income and appropriate discount rates.

Reconciliation of Fair Value

	Office / Commercial $000	Industrial $000	Other $000	Total 2021 $000	Total 2020 $000
Opening Balance	**15,237**	**14,001**	**1,085**	**30,323**	29,459
Additions	**93**	**270**	**7**	**370**	150
Disposals	**0**	**0**	**0**	**0**	0
Depreciation expense	**4**	**1**	**0**	**5**	(3)
Change in use	**0**	**0**	**0**	**0**	0
Plus increase / (decrease) in assets under construction	**0**	**(94)**	**(4)**	**(98)**	52
Change in fair value	**1,930**	**1,392**	**118**	**3,440**	665
Closing Balance	**17,264**	**15,570**	**1,206**	**34,040**	30,323

The valuation of commercial or industrial property is generally from two main approaches. First, the cost approach being a summation of the land value and depreciated value of all buildings and site improvements, and the second, the income capitalisation approach which involves establishing the net maintainable income which the property can produce and then capitalising this at an appropriate rate of return.

In many cases, there can be a significant difference between the two methods for the same property. With properties traded for investment reasons the ultimate market value adopted is generally arrived at by the income capitalisation approach. The cost approach provides a guide to value and is most appropriately used when dealing with properties which are so specialised in their design that there is little or no comparable open market sales evidence.

Adequate market evidence exists for the assessment of the fair value of this property by the income capitalisation approach. Residential property is valued using a statistical analysis of recent sales and comparison with Rating Valuation data. Bare land is valued using a direct sales comparison approach, reflecting the future development potential of the land.

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15. Investment properties (con't)

Three investment properties are valued using an income capitalisation valuation method. Capitalisation rates range from 5.75% - 6.5% with weighted average lease terms of 0.5 years 2.6 years. A 0.25% reduction in the capitalisation rate increases the fair value of the properties by $1.0 million, and an 0.25% increase in the capitalisation rate decreases the fair value of the properties by $1.1 million.

The Valuer reported, despite early predictions, the commercial property market has remained resilient and observed property transactions have shown a continued downward trend in investment yields, especially for those properties where long-term tenant occupation is secure. Longer term uncertainty remains for properties having a reliance on travel and tourism for their income or ability to pay rent.

ACCOUNTING POLICY

Investment properties

Investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are recognised in the operating surplus in the year in which they arise. Valuations are determined on an annual basis by independent registered valuers, Duke & Cooke Limited.

KEY JUDGEMENT

The valuation of investment properties is undertaken by an independent registered valuer. This valuation involves the use of judgement, estimations and assumptions.

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
16. Intangible assets					
Movement in intangible assets					
Opening balance		**404**	350	**0**	0
Plus additions		**449**	283	**0**	0
Less amortisation		**(403)**	(229)	**0**	0
Less disposals		**(272)**	0	**0**	0
Plus accumulated provision write back on disposal		**269**	0	**0**	0
Closing balance		**447**	404	**0**	0

Intangible assets are represented by:

	At cost $000	Accum. amortisation $000	Carrying amount $000
Intangible assets - 31 March 2021			
Computer software	2,671	2,224	447
Total Intangible assets	2,671	2,224	447
Intangible assets - 31 March 2020			
Computer software	2,494	2,090	404
Total Intangible assets	2,494	2,090	404

There are no restrictions over the title of the intangible assets, nor are any intangible assets pledged as security for liabilities.

ACCOUNTING POLICY

Intangible assets

Computer Software
Computer software is separately acquired and capitalised at its cost as at the date of acquisition. After initial recognition, separately acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

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16. Intangible assets (con't)

Computer Software (con't)

Where the computer software has a defined life, it is amortised on a straight line basis over its life. Where the computer software does not have a defined life the associated amortisation rate has been estimated as 48% diminishing value.

Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each year is recognised in the operating surplus.

KEY JUDGEMENT

Significant judgement is exercised in assessing potential indicators of impairment and carrying out any required impairment tests. No impairments have been recognised in the current year.

		Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
17. Investment in associates and joint ventures						
Associate company						
Name of entity	**Activity**					
Nelson Electricity Limited	Distribution network owner & operator		**11,894**	11,785		
Ownership interest			**50%**	50%		

Nelson Electricity Limited is incorporated in New Zealand, and has a balance date of 31 March.

Results of associate	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Share of surplus / (deficit) before income tax	**1,264**	1,611	**0**	0
Movement in NEL deferred tax	**(72)**	(29)	**0**	0
Income tax	**(383)**	(423)	**0**	0
Share of comprehensive income / (loss)	**809**	1,159	**0**	0
Total recognised revenues and expenses	**809**	1,159	**0**	0

Carrying value of associate	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Opening balance at beginning of period	**11,785**	11,676	**0**	0
Share of recognised revenues and expenses	**809**	1,159	**0**	0
Dividends received	**(700)**	(1,050)	**0**	0
Closing balance at end of period	**11,894**	11,785	**0**	0

Summarised financial information of associate

Nelson Electricity Limited applied the NZ IFRS's reduced disclosure regime from 1 April 2015. It also has a different accounting policy for property, plant and equipment, continuing to revalue rather than adopting deemed cost.

The following is a summary of Network Tasman Limited's share of Nelson Electricity Limited's financial information adjusted to be prepared on the same basis as Network Tasman Limited financial statements.

		GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Assets		**18,076**	18,393	**0**	0
Liabilities		**6,182**	6,607	**0**	0
Revenues		**4,689**	4,945	**0**	0
Surplus / (deficit)		**809**	1,159	**0**	0
Name of entity	**Activity**				
On Metering Limited	Meter deployment company	**1,082**	1,187		
Ownership interest		**50%**	50%		

On Metering Limited is incorporated in New Zealand, and has a balance date of 31 March.

On Metering Limited applied NZ IFRS's reduced disclosure regime.

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	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
17. Investment in associates and joint ventures (con't)					
Results of joint venture					
Share of surplus / (deficit) before income tax		(67)	(70)	0	0
Recognition of previous years loss		0	0	0	0
Correction of previous years losses		(38)	(135)	0	0
Movement in deferred tax		(12)	(2)	0	0
Income tax		12	2	0	0
Share of comprehensive income / (loss)		(105)	(205)	0	0
Total recognised revenues and expenses		(105)	(205)	0	0
Carrying value of joint venture					
Opening balance at beginning of period		1,187	1,392	0	0
Share of comprehensive income		(105)	(205)	0	0
Initial recognition fair value change		0	0	0	0
Closing balance at end of period		1,082	1,187	0	0

On Metering loss is equity accounted.

Summarised financial information of joint venture

The following is a summary of Network Tasman Limited's share of On Metering Limited's financial information.

		GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Assets		4,985	5,321	0	0
Liabilities		3,904	4,134	0	0
Revenues		1,059	1,095	0	0
Surplus / (deficit)		(105)	(205)	0	0
Name of entity	**Activity**				
SmartCo Limited	Meter deployment company				
Ownership interest		14%	14%		

SmartCo Limited is incorporated in New Zealand, and has a balance date of 31 March.

SmartCo Limited applied NZ IFRS's reduced disclosure regime.

	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Results of associate				
Share of surplus / (deficit) before income tax	11	2	0	0
Movement in deferred tax	0	0	0	0
Income tax	(11)	(2)	0	0
Share of comprehensive income / (loss)	0	0	0	0
Total recognised revenues and expenses	0	0	0	0
Carrying value of associate				
Opening balance at beginning of period	259	259	0	0
Share of recognised revenues and expenses	0	0	0	0
Dividends received	0	0	0	0
Closing balance at end of period	259	259	0	0

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000

17. Investment in associates and joint ventures (con't)

Summarised financial information of associate

The following is a summary of Network Tasman Limited's share of SmartCo Limited's financial information.

		GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Assets		**600**	618	**0**	0
Liabilities		**417**	434	**0**	0
Revenues		**2,538**	2,463	**0**	0
Surplus / (deficit)		**0**	0	**0**	0
Total carrying value of associates and joint ventures					
Nelson Electricity Limited		**11,894**	11,785	**0**	0
On Metering Limited		**1,082**	1,187	**0**	0
SmartCo Limited		**259**	259	**0**	0
Total		**13,235**	13,231	**0**	0

Impairment
An impairment assessment for Nelson Electricity Limited and On Metering Limited has been completed with no impairment identified.

ACCOUNTING POLICY

Investment in associates and joint ventures

Associate and joint venture companies are accounted for using the equity method.

On initial recognition the investment in an associate or joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor s share of the profit or loss of the investee after the date of acquisition.

If an entity s share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses.

18. Investments in subsidiaries

		GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Network Tasman Limited Shares					
Cost price		**0**	0	**29,500**	29,500
Bonus share issue		**0**	0	**27,685**	27,685
Share revaluation		**0**	0	**164,977**	154,766
		0	0	**222,162**	211,951
NTT Investments Limited Shares					
Share revaluation		**0**	0	**7,773**	5,850
		0	0	**7,773**	5,850
Total investments in subsidiaries		**0**	**0**	**229,935**	217,801

Both investments are carried at fair value.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value measurements are categorised within Level 3 of the fair value hierarchy.

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18. Investments in subsidiaries (con't)

Significant unobservable valuation inputs are provided below:

The following discount rates were used.

	Valuation Technique	Discount Rate (WACC)	Terminal value plus growth rate
Network Tasman Limited	DCF Method	4.57%	1%
NTT Investments Limited	DCF Method	5.80%	1%

Network Tasman Limited

Growth rate	0.5% increase in the growth rate would result in an increase in fair value of 13.93% $40,724,409
	0.5% decrease in the growth rate would result in an decrease in fair value of 10.51% ($30,718,412)
WACC	1% increase in WACC would result in an decrease in fair value of 18.70% ($54,671,757)
	1% decrease in WACC would result in an increase in fair value of 33.27% $97,250,848

NTT Investments Limited

Investment growth rate	1% increase in the investment growth rate would result in an increase in fair value of 8.08% $644,722
	1% decrease in the investment growth rate would result in an decrease in fair value of 7.77% ($620,141)
WACC	1% increase in WACC would result in an decrease in fair value of 14.73% ($1,175,465)
	1% decrease in WACC would result in an increase in fair value of 22.26% $1,776,484

Fair value of the unquoted ordinary shares has been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management s estimate of fair value for these unquoted equity investments.

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Based on this assessment, the Group has identified no impairment.

ACCOUNTING POLICY

Investment in subsidiaries

Subsidiaries are entities where the parent holds the shareholding.

The Group financial statements consolidate all entities where the parent has the capacity to control their financing and operating policies as to obtain benefits from the activites of the subsidiaries.

The Group s investments in its subsidiaries are recorded at fair value. After initial measurement the changes in fair value are recognised in the other comprehensive income / (loss) and credited to the revaluation reserve.

	Note	**GROUP 12 months 31 March 2021 $000**	GROUP 12 months 31 March 2020 $000	**PARENT 12 months 31 March 2021 $000**	PARENT 12 months 31 March 2020 $000
19. Loans to joint ventures					
Loan to On Metering Limited		**3,739**	3,989	**0**	0
				0	0
Total financial assets held at fair value		**3,739**	3,989	**0**	0
On Metering Limited					
Opening balance		**3,989**	4,239	**0**	0
Initial recognition fair value change		**0**	0	**0**	0
Plus advances		**0**	0	**0**	0
Less repayments		**(250)**	(250)	**0**	0
Change in fair value		**0**	0	**0**	0
				0	0
Closing balance at end of period		**3,739**	3,989	**0**	0
Total financial assets held at fair value		**3,739**	3,989	**0**	0

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19. Loans to joint ventures (con't)

ACCOUNTING POLICY

With the loan repayable on demand, it is measured at amortised cost.

20. Other non-current assets

Prepayment

	Total Cost $000	Life of Asset	Annual Payment $000
Asset Constructed by Transpower under a New Investment Agreement (Asset completed June 2019)	6,220	55 years	113

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Expense for year		113	0	0	0
Prior period expense (June 2019 to March 2020)		85	0	0	0
		198	0	0	0
Payments for year		1,244	0	0	0
less expense for year		(198)	0	0	0
Total prepayment		1,046	0	0	0
Current prepayment	12	113	0	0	0
Non-current prepayment		933	0	0	0
		1,046	0	0	0

21. Other investments

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Term Deposits, Bonds & Debenture Stock		11,418	12,411	0	0
Property, plant & equipment intended for sale	13	0	0	0	0
Total other investments		11,418	12,411	0	0

ACCOUNTING POLICY

Other investments

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are being accounted for as an increase or decrease in expenses. This is not shown separately in the financial statement notes.

Realised gains on other investments are presented in operating revenue.

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	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
22. Payables and accruals					
Current					
Trade payables and accruals		**12,999**	10,967	**279**	455
Tax Payable		**396**	742	**0**	0
Total current payables and accruals		**13,395**	11,709	**279**	455

Trade payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade payables approximate their fair value.

ACCOUNTING POLICY

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

23. Provisions				
Current				
Employee entitlements	**328**	265	**0**	0
Sundry provisions	**0**	0	**0**	0
Total current provisions	**328**	265	**0**	0
Non-current				
Employee entitlements	**250**	238	**0**	0
Total non-current provisions	**250**	238	**0**	0
Total Provisions	**578**	503	**0**	0
Provision for employee entitlements				
Balance at beginning of period	**503**	476	**0**	0
Additional provisions made	**341**	356	**0**	0
Amount utilised	**(266)**	(329)	**0**	0
Provision reversed	**0**	0	**0**	0
Balance at end of period	**578**	503	**0**	0

The provision for employee entitlements relates to employee benefits such as accrued annual leave, long service leave and sick leave.

ACCOUNTING POLICY

Employee entitlements

Employee entitlements include annual leave, a provision for sick leave entitlement and long service leave. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months, such as long service leave, are measured as the full value of the estimated future cash outflows to be made by the company taking into account the years of service, years of entitlement and the likelihood staff will reach the point of entitlement.

KEY JUDGEMENT

Judgement is exercised in determining the companys liability for non-vested long service and retiring leave entitlements.

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Notes to and forming part of the financial statements
For the year ended 31 March 2021

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
24. Loans and Borrowings					
Current					
Secured bank loans		0	250	0	0
Total current loans and borrowings		0	250	0	0
Non-current					
Secured bank loans		0	0	0	0
Total non- current loans and borrowings		0	0	0	0
Total loans and borrowings		0	250	0	0

All financial liabilities are classified as financial liabilities measured at amortised cost.

a) Terms and Debt Repayment Schedule

The terms and conditions of outstanding loans were as follows:

	Maturity	Interest Rate	Face Value	31 March 2021 $000	31 March 2020 $000
Bank of New Zealand Limited - Secured	25 Sep 2023	2.45%	$10 million	0	250
				0	250

b) Security
Bank of New Zealand Limited
The bank loans are secured over a Negative Pledge Agreement where Network Tasman Limited undertakes not to dispose of, encumber or grant a security interest in any asset of the company without written permission from the Bank.

c) Lease Liability

ACCOUNTING POLICY

Loans and borrowing include term loans, financing arrangements and lease liabilities.

Lease liabilities

Except for certain short-term and low-value leases, NZ IFRS 16 requires all leases to be recognised as leases and shown in loans and borrowings on the balance sheet.

Network Tasman applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term, (note 3).

At the commencement of the lease term, Network Tasman Limited recognises finance leases as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments. The amount recognised as an asset is depreciated over its useful life or the shorter of the lease term and useful life.

d) Loan facilities
Network Tasman Limited has the following undrawn borrowing facilities

	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Bank of New Zealand Limited	10,000	5,750	0	0
Total	10,000	5,750	0	0

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	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
25. Deferred taxation					
Balance at beginning of period		**28,391**	29,877	**0**	0
Deferred tax on temporary differences		**3,112**	(1,486)	**0**	0
Balance at end of period		**31,503**	28,391	**0**	0

Analysis of temporary deferred tax differences

For the year ended 31 March 2021	**Fixed assets $000**	**Provisions $000**	**Prepayments $000**	**Total $000**
Opening balance	28,529	(138)	-	28,391
Charge to income	2,840	(21)	293	3,112
Charge to equity	-	-	-	-
Closing balance	31,369	(159)	293	31,503

For the year ended 31 March 2020	**Fixed assets $000**	**Provisions $000**	**Leases $000**	**Total $000**
Opening balance	30,043	(133)	(33)	29,877
Charge to income	(1,515)	(5)	34	(1,486)
Charge to equity	-	-	-	-
Closing balance	28,528	(138)	1	28,391

Under current accounting standards, Network Tasman Limited is required to recognise a deferred tax liability equal to the tax effect of the difference between the Company's accounting value of fixed assets and the equivalent tax carrying values for the same assets.

Adjustments for provisions result in reducing the deferred tax liability. Adjustments for prepayments result in increasing the deferred tax liability.

26. Operating lease arrangements

Network Tasman Limited has 17 non-cancellable operating leases as lessor of land and buildings that comprise the investment property portfolio.

Analysis of operating leases

	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
No later than one year	**1,363**	1,586	**0**	0
Later than one year and not later than five years	**1,649**	3,071	**0**	0
Later than five years	**0**	5	**0**	0
	3,012	4,663	**0**	0

The lease arrangements are renewed on a periodic basis as disclosed in the lessors' individual contracts; no agreement exceeds 8 years. In 2021 rental income received from leases with non-cancellable operating lease arrangements amounted to $1,961,000 (31 March 2020: $1,951,000).

27. Reconciliation of operating surplus to net cash flows from operating activities

	Note	GROUP 12 months 31 March 2021 $000	GROUP 12 months 31 March 2020 $000	PARENT 12 months 31 March 2021 $000	PARENT 12 months 31 March 2020 $000
Total comprehensive income		**9,061**	6,936	**9,061**	6,936
Items not involving cash flows:					
Depreciation & amortisation		**9,136**	9,085	**0**	0
Movement in deferred taxation		**3,112**	(1,486)	**0**	0
Non cash customer contributions		**(4,535)**	(2,594)	**0**	0
Charge in fair value		**(3,440)**	(665)	**0**	0
Equity accounted earnings from associate		**(3)**	96	**0**	0
Bad debts written off		**6**	89	**0**	0
(Gain) loss on sale of assets		**(1,613)**	979	**0**	0
Tax refund		**96**	104	**13**	3
RWT paid		**(71)**	(88)	**0**	(4)
Consumer distribution adjustment		**(2)**	(5)	**(2)**	(5)
Network Tasman share revaluation		**0**	0	**(12,134)**	(8,433)
		2,686	5,515	**(12,123)**	(8,439)
Movement in working capital:					
Increase (decrease) in non capital payables		**1,026**	(1,390)	**(77)**	62
Increase (decrease) in provisions		**76**	26	**0**	0
(Increase) decrease in non capital receivables and prepayments		**(1,297)**	614	**0**	0
(Increase) decrease in interest accrued		**19**	48	**1**	(2)
		(176)	(702)	**(76)**	60
Net cash flows from operating activities		**11,571**	11,749	**(3,138)**	(1,443)

28. Cash flows from financing activities

There are no significant non-cash movements arising in relation to the carrying amount of the Group s liabilities arising from financing activities. The movement in these liabilities is therefore reflected by cash flows as presented above in the financing section of the statement of cash flows.

29. Related party information

a) Company

Parent entity

The holding entity of the company is the Network Tasman Trust which holds 100% of the company's shares (31 March 2020: 100%).

Subsidiary company

NTT Investments Limited was incorporated 14 February 2008 as an investment company. The holding entity of the company is the Network Tasman Trust which holds 100% of the company's shares (31 March 2020: 100%).

Associate & joint venture companies

		Percentage owned by Network Tasman Limited 2021	2020
Nelson Electricity Limited	Associate company	**50%**	50%
On Metering Limited	Joint venture	**50%**	50%
SmartCo Limited	Associate company	**14%**	14%

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29. Related party information (con't)

Network Tasman Limited provided the following services to Nelson Electricity Limited
Management and operational services
Oncharge at cost of charges from Transpower NZ Limited for connection by Nelson Electricity Limited to the national grid.
Fibre services

Network Tasman Limited leases a room from Nelson Electricity Limited for fibre equipment.

Network Tasman Limited provided operational and management services to On Metering Limited.

Network Tasman Limited provided management services and charges metering services to SmartCo Limited.

	Note	**GROUP 12 months 31 March 2021**	GROUP 12 months 31 March 2020	**PARENT 12 months 31 March 2021**	PARENT 12 months 31 March 2020
		$000	$000	**$000**	$000
Transactions during the year					
Charges from Network Tasman Limited to Nelson Electricity Limited		**1,767**	1,638	**0**	0
Charges from Nelson Electricity Limited to Network Tasman Limited		**8**	8		
Charges from Network Tasman Limited to On Metering Limited		**199**	140	**0**	0
Advances from Network Tasman Limited to On Metering Limited		**0**	0	**0**	0
Charges from Network Tasman Limited to SmartCo Limited		**2,821**	2,631	**0**	0
Charges from SmartCo Limited to Network Tasman Limited		**932**	968	**0**	0
Outstanding balances at year end					
Balance due from Nelson Electricity Limited as at period end		**175**	161	**0**	0
Balance due to Nelson Electricity Limited as at period end		**1**	1	**0**	0
Balance due from On Metering Limited as at period end		**144**	130	**0**	0
Balance due to On Metering Limited as at period end		**0**	0	**0**	0
Balance due from SmartCo Limited as at period end		**525**	498	**0**	0
Balance due to SmartCo Limited as at period end		**97**	111	**0**	0

Network Tasman Limited received a dividend from Nelson Elecricity (note 17), and a loan repayment from On Metering (note 19).

No related party debts have been written off or forgiven during the period (31 March 2020: nil)

Key Management personnel compensation				
Salaries and other short-term benefits	**1,716**	1,719	**116**	149
Post employment benefits	**0**	0	**0**	0
Other long term benefits	**26**	23	**0**	0
Termination benefits	**0**	0	**0**	0
Total key management personnel compensation	**1,742**	1,742	**116**	149

Other related party transactions

Trustees were paid an honoraria and meeting fees. Directors were only paid directors' fees and reimbursement of company related expenses. All other related party transactions were of a minor nature and at an arm's length value.

b) Trust

The Network Tasman Charitable Trust was established to hold the W E Rowling Scholarship Fund. This trust has the same trustees as Network Tasman Trust. During the year NTT Investments Limited donated $225,000 (31 March 2020: $200,000) to the Network Tasman Charitable Trust to allow the Trust to make grants to Network Tasman Trust consumers and to maintain a loan fund cover.

NTT Investments Limited was established as a subsidiary of Network Tasman Trust as an investment company. The directors of the company are the same as the trustees of Network Tasman Trust. The balance of the advance from Network Tasman Trust as at 31 March 2021 was $6,883,375 (31 March 2020: $8,042,727). During the year $1,159,352 was repaid (31 March 2020: $1,376,396) and no interest was charged (31 March 2020: $0).

Mr P J Adamson is a Trustee of Network Tasman Trust and a Partner at Craig Anderson Limited who supply secretarial and accounting services to the Trust.

NMA Nelson Marlborough Audit Limited

30. Financial risk management

a) Company - Network Tasman Limited

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting financial loss to the group. Financial instruments that potentially subject the company to concentration of credit risk consist of cash, short term investments and trade receivables.

- Risk management

The company places short-term investments with registered banks only. The company has a treasury management policy which is used to manage this exposure to credit risk. As part of this policy, limits on the amount of surplus funds placed with any one banking institution have been set and approved by the Board of Directors.

With new connection charges, the payment needs to be received prior to connection.

- Impairment of financial assets

The company has the following types of financial assets that are subject to the expected credit loss model:
Cash and cash equivalents
Trade receivables
Sundry receivables
Loans to joint ventures

The company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped into groups of similar payment profiles.

The expected loss rates are based on the payment profiles of sales over a period of 6 years and the corresponding historical credit losses.

On that basis, the loss allowance was determined as follows for trade receivables is:

31 March 2021	**Current**	**More than 30 days**	**More than 60 days**	**More than 90 days**	**More than 120 days**	**Total**
Expected loss rate	0.21%	0.36%	0.41%	0.55%	2.09%	
Carrying amount trade receivables	5,206	54	18	2	90	**5,370**
Loss allowance	11	-	-	-	2	**13**

31 March 2020	**Current**	**More than 30 days**	**More than 60 days**	**More than 90 days**	**More than 120 days**	**Total**
Expected loss rate	0.14%	2.65%	2.00%	2.28%	2.91%	
Carrying amount trade receivables	4,722	293	15	9	39	**5,078**
Loss allowance	6	8	0	0	1	**15**

	Note	**GROUP 12 months 31 March 2021 $000**	GROUP 12 months 31 March 2020 $000	**PARENT 12 months 31 March 2021 $000**	PARENT 12 months 31 March 2020 $000
- Movement in loss allowance					
Opening balance		**15**	15	**-**	-
Receivables written off during period		**(8)**	(96)	**-**	-
Unused amount reversed		**(7)**	81	**-**	-
Additional loss allowance recognised in income statement during the year		**13**	15	**-**	-
Closing balance		**13**	15	**-**	-

Trade receivables are written off when all avenues for recovery have be exhausted.

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30. Financial risk management (cont')

- Concentrations of credit risk

The company's significant customers are electricity retailers of which Contact Energy Ltd was 21% (31 March 2020: 22%) at balance date. The credit risk is not considered to be high. Apart from advances of $3.7 million to On Metering Limited, the company does not have any other significant concentrations of credit risk. The maximum credit exposure for each class of financial instrument is the same as the carrying values stated in note 31.

The loan to joint ventures is repayable on demand, therefore no interest is charged. An assessment of the value of On Metering Ltd has been performed showing the business value is in excess of the value of Network Tasman's investment and there is no impairment required.

Short-term investments mature within the range of on-call to 90 days. The current interest rate on these investments are 0.1% (31 March 2020: 0.1%).

- Interest rate sensitivity analysis

As at 31 March 2021 the weighted average term deposit interest rate was 0.1% (31 March 2020: 0.1%) If this rate changed by 1%, with all other things held constant, the surplus / deficit for the year would have been $4,000 (31 March 2020: $4,000) higher or lower.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty raising liquid funds to meet commitments as they fall due. Network Tasman Limited currently holds $4.1 million (31 March 2020: $0.5 million) of cash and short term deposits and holds $13.4 million (31 March 2020: $11.8 million) of current liabilities. The current ratio is 1.1:1 (31 March 2020 0.9:1). The movement in the current ratio is due to the movement of loans to joint ventures from non-current to current assets.

All creditors and other payables are settled within a 30 day term.

- Contractual maturities of financial liabilities

31 March 2021	Less than 12 months	12 months to 2 years	2 to 3 years	Total
Trade payables	12,720	-	-	12,720
Secured bank loans	-	-	-	-
	12,720	-	-	12,720

31 March 2020	Less than 12 months	12 months to 2 years	2 to 3 years	Total
Trade payables	10,512	-	-	10,512
Secured bank loans	250	-	-	250
	10,762	-	-	10,762

Foreign currency risk

The company occasionally imports products denominated in foreign currencies. For specific one-off transactions undertaken in foreign currency, it is the company's policy to enter into foreign exchange forward contracts to manage the exposure to fluctuations in currency rates.

- Foreign exchange rate sensitivity analysis

There are no foreign currency accounts at balance date.

b) Company - NTT Investments Limited

The company recognises that in respect of the reported financial instruments, being cash and short-term investments, fair value is equivalent to the carrying amount as stated in the balance sheet. Bonds and debenture stock are stated at market value.

Credit risk
Credit risks are limited by making deposits with registered banks or licensed non-bank deposit takers and a Funds Manager. The investment policy for NTT Investments Limited set and approved by the Board of Directors is to split the investment on a basis of 45% growth assets (equities) and 55% income generating assets (cash and fixed interest) managed by an independent custodian.

Interest rate risk
Interest rate risk has been managed by spreading investments into a number of short and long-term deposits and investments. There were no short term deposits held at year end (Interest rates 31 March 2020: 2.70% to 3.61%).

c) Trust

The Trust recognises that in respect of the reported financial instruments, being cash, short-term investments and debtors, fair value is equivalent to the carrying amount as stated in the balance sheet.

NMA Nelson Marlborough Audit Limited

30. Financial risk management (con't)

Credit risk
Credit risks are limited by making deposits only with registered banks, building societies or licensed non-bank deposit takers.

Interest rate risk
Interest rate risk has been managed by splitting investments into a number of short term deposits. There were no short term deposits held at year end (Interest rates 31 March 2020: 2.60% to 2.85%).

31. Financial assets and financial liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IFRS 9 categories are as follows:

	Note	**GROUP 12 months 31 March 2021 $000**	GROUP 12 months 31 March 2020 $000	**PARENT 12 months 31 March 2021 $000**	PARENT 12 months 31 March 2020 $000
Financial assets measured at amortised cost					
Cash and cash equivalent	**9**	**7,309**	1,948	**42**	21
Other financial assets: term deposits and loans	**10**	**0**	2,000	**0**	2,000
Debtors and other receivables	**11**	**5,357**	5,063	**0**	0
Sundry receivables	**12**	**284**	369	**0**	0
Advance to associates and subsidiaries	**14**	**0**	0	**6,884**	8,043
Loans to joint ventures	**19**	**3,739**	3,989	**0**	0
Total financial assets measured at amortised cost		**16,689**	13,369	**6,926**	10,064
Financial liabilities measured at amortised cost					
Trade payables and accruals	**22**	**13,395**	11,709	**279**	455
Secured bank loans	**24**	**0**	250	**0**	0
Total financial liabilities measured at amortised cost		**13,395**	11,959	**279**	455
Fair value financial assets					
Other investments	**21**	**11,418**	12,411	**0**	0
Total fair value financial assets		**11,418**	12,411	**0**	0
Available for sale financial assets					
Investment in subsidiaries	**18**	**0**	0	**229,935**	217,801
Total available for sale financial assets		**0**	0	**229,935**	217,801

32. Commitments

The following amounts have been committed to by Network Tasman Limited, but not recognised in the financial statements:

Capital Commitments
Capital commitments as at 31 March 2021 $7.9 million (31 March 2020: $8.2 million). All capital commitments fall due in the next five years.

The Parent has no capital commitments (31 March 2020: nil).

33. Contingencies

As at 31 March 2021 there were no material contingent assets or liabilities for the Group and Parent (31 March 2020: nil).

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34. Performance targets

The following financial and reliability performance targets for the 12 months ending 31 March 2021 are specified in Network Tasman Limited's Statement of Corporate Intent (SCI). Forecast results are compared to the performance targets below:

		Actual Result 2021	SCI Target 2021	Actual Result 2020
Financial performance targets				
Total company:				
Surplus before interest, tax, line discount and customer contributions	$mil	**24.8**	**16.1**	20.3
Operating surplus after tax and before customer contributions	$mil	**11.8**	**5.0**	11.0
Operating surplus to shareholders' funds	%	**5.3%**	**2.3%**	5.2%
Line business only:				
Total network costs per consumer	$	**0**	**0**	468
Cash operating costs per consumer	$	**283**	**277**	304
Line Charge Discounts (Excluding GST)	$mil	**11.8**	**10.5**	10.5
Reliability performance targets (excludes Transpower planned and unplanned outages)				
Average duration of supply interruptions per connected consumer (SAIDI) not to exceed -	minutes	**203**	**175**	185
Average number of supply interruptions per connected consumer (SAIFI) not to exceed -	number	**1.18**	**1.61**	1.24
Average duration of supply interruptions (CAIDI) not to exceed -	minutes	**172**	**109**	148
Faults per 100 km of line not to exceed -	number	**5.0**	**6.0**	5.0
% faults not restored within three hours not to exceed -	%	**29%**	**20%**	26%

The SAIDI, SAIFI and CAIDI measures are industry standards, which enable assessment and comparison of network performance. Industry statistics include rural and urban networks. The Network Tasman network includes a significant rural component.

$$\text{SAIDI} = \frac{\text{Total Annual Consumer Minutes of Non Supply}}{\text{Total Number of Consumers}}$$

$$\text{SAIFI} = \frac{\text{Total Annual Consumer Supply Interruptions}}{\text{Total Number of Consumers}}$$

$$\text{CAIDI} = \frac{\text{Total Annual Consumer Minutes of Non Supply}}{\text{Total Annual Consumer Supply Interruptions}}$$

Unplanned SAIDI was over target for the 2020/21 year (87/75).

There was a normal mix of outage causes for the year. There were no major storm events.

Planned SAIDI was also marginally over target for the 2020/21 year (116/100).

A high number of long shutdowns were needed to complete the light copper conductor replacement programme for the year. This is the third year of a ten year programme of conductor replacements. The Company's internal reliability targets have been increased to accommodate this programme.

SAIFI targets (the average number of interuptions experienced by consumers) were not exceeded during the year. Faults per 100km of line were also below previous years. These results reflect the good condition of the network and the good state of vegetation clearance.

In some circumstances, an unplanned loss of supply event can be followed by restoration of supply and then by a successive interruption as a result of isolating the initial cause, making repairs and completing the permanent restoration of supply to all consumers. Where this occurs, the Company s reported SAIFI records the initial outage and not any subsequent short duration outages required to effect the restoration of supply. The Company s reported SAIDI includes the customer minutes from subsequent short duration outages required to effect the restoration of supply. This treatment is consistent with that of previous years.

		Actual Result 2020	SCI Target 2020	Actual Result 2019
Safety of electricity suppy				
Lost time injuries not to exceed -	number	**0**	**0**	2
Public safety and damage events				
Public Injury Events	number	**0**	**0**	0
Public Property Damage Events	number	**1**	**0**	0
Public Safety Management System (PSMS) certified & audited by Telarc		**Yes**	**Yes**	Yes

NMA Nelson Marlborough Audit Limited

35. Events occurring after balance date

The trustees of Network Tasman Trust are not aware of any significant event occurring subsequent to balance date which, if known at balance date, would have resulted in a different assessment within the financial statements.

36. Capital Management

Network Tasman's capital is its issued and paid up capital, share premium reserve and retained earnings. Equity is represented by net assets as disclosed in the balance sheet. The company manages its revenue, expenses, assets and liabilities and day to day financial transactions prudently. The purpose of managing Network Tasman's equity is to ensure the company achieves its goals and objectives, whilst remaining a going concern.

37. COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained in lockdown at Alert Level 3 until 13 May inclusive.

a) Company
During the Government response to the COVID-19 pandemic Alert Levels 3 and 4, Network Tasman's staff worked remotely. Under Alert Level 4 network operations were reduced to emergency response only. With field work limited to emergency response work, this initially delayed maintenance and capital work by about one month which was caught up over the following months. Field operations resumed under Alert Level 3 in late April 2021. With staff working from home, there was a small reduction in some overhead costs, for example electricity and vehicle expenses. With working remotely being more common, travel expenses were less than in the past. Network Tasman did not to apply for the Government's wage subsidy.

There was no impact on supply under Alert Levels 3 and 4. In respect of SAIFI, the number of interruptions was consistent with the balance of the financial year, and similar to previous years. Although staff were working remotely, this did not affect our response times to emergency repairs. This meant that there was also no significant impact on SAIDI results.

At year end Network Tasman has assessed its property, plant and equipment (note 13), investment in associates and joint venture (note 17) for impairment in accordance with the impairment accounting standard, NZ IAS 36 for any residual impacts of COVID-19. Property, plant and equipment (note 13) and intangible asset (note 16) values and investment properties (note 15) valuation process we also considered for any residual the impact of COVID-19.

While electricity usage by different groups of customers was affected by the COVID-19 restrictions, overall electricity line revenue was not impacted. Due to the challenges faced by consumers from COVID-19, payment of the Winter discount was brought forward from September to July 2020. This discount payment was increased to offset the 4% price increase applying from 1 April 2020. Revenue from metering and fibre services was not affected. Network Tasman worked with its tenants to help with the impact of COVID-19.

As the impact was insignificant there has been no material impact on the Statement of Comprehensive Income or Balance Sheet. Network Tasman required no additional funding as a result of COVID-19.

b) Trust
Network Tasman Trust considered the impact of COVID-19 on the consumers, and made an increased early distribution payment of $4.3 million (2020: $3.2 million) from reserves.

NTT Investments Limited made a donation of $225 thousand to support charitable and community organisations in the distribution area.

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Limited

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INDEPENDENT AUDITOR'S REPORT

To the Beneficiaries of Network Tasman Trust

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Network Tasman Trust and its subsidiaries which comprise the consolidated balance sheet as at 31 March 2021, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Network Tasman Trust as at 31 March 2021 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)).
Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Other Information

The Trustees are responsible for the other information. The other information comprises the Chair's Report for the year ended 31 March 2021.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

The Responsibility of the Trustees for the Consolidated Financial Statements

The Trustees are responsible on behalf of the group for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards, and for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could be reasonably expected to influence the decisions of users taken on the basis of the consolidated financial statements.
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

NMA Nelson Marlborough Audit Ltd

NMA Nelson Marlborough Audit Limited
PO Box 732
Nelson 7040

9 July 2021