NETWORK TASMAN TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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Network Tasman Trust & Subsidiaries

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NETWORK TASMAN TRUST

Chair's Report to Annual Meeting - Friday 29 July 2022

The Trust has continued to hold regular meetings throughout the year dealing with a range of issues. Trustees have met with the Board 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 Chair John McCliskie who has kept us well informed of the Company's activities.

Finance

The Trust received interest income of $45 during the year and a net dividend of $1,800,000 from Network Tasman Ltd. After deducting operating expenses of $224,998, consumer distributions of $3,308,170 and Income Tax of $50,765 the Trust was left with an after-tax operating deficit of $1,783,889 (2021 - $3,073,354). This year the Trust paid a distribution of $80 per ICP, 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 $11.2 million and the financials showed a surplus of $68,914 (2021: surplus $1,922,807) after taking into account a donation of $200,000 to the Network Tasman Charitable Trust, operating expenses and income tax.

Community Activities

This year the Network Tasman Charitable Trust made grants to the value of $154,970 and donations of $55,000.

Sir Wallace Rowling Scholarships

This year, there were three Sir Wallace Rowling Scholarships awarded, receiving $3,000 each. The scholarships support students going on to tertiary education. Congratulations to Manu Bourgeois of Golden Bay High School who is going on to study Civil Engineering (Engineering) at Canterbury, Flynn Mercer of Nelson College who is going on to study a Bachelor of Fine Arts (Painting) at Canterbury, and Yeni Choi of Nelson College for Girls who is going on to study a Bachelor of Engineering (Mechatronics) at Canterbury. We wish them well as they continue their studies. Once again the standard of the applicants was very high. It is a pleasure to interview these students and to be able to help the awardees with these scholarships.

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

Sustained 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 2021/22, delivering an operating surplus of $12.4 million, $4.2 million above the target of $8.2 million and $0.6 million above last year. The major variance from last year was an increase in distribution revenue of $2.4 million, customer contributions of $0.7 million and a lower deferred tax charge of $1.9 million (resulting from the impact of the property portfolio revaluations, vested assets and financing arrangements), offset by lower property revaluations of $0.9 million and vested assets of $2.1 million, and increased expenses of $1.8 million. 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 2022. The company again paid a fully imputed dividend of $1.8 million to the Network Tasman Trust. 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 $3.0 million reflect the continued buoyant nature of the residential property market with a number of large subdivisions being developed across the region. Consumers received line discounts totalling $13.3 million including GST ($13.5 million in 2021 including an additional COVID-19 discount of $1 million) were credited to consumers' power accounts during the year.

Cash flow from operations was $17.1 million for the year, $0.9 million above last year. 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 $7.3 million. Network Tasman spent $13.1 million on capital expenditure during the year. Our capital investment in the electricity network has been concentrated on accommodating the growth that is occurring in 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.

Health and Safety

Over the 2021/22 year, Network Tasman continued to adapt and successfully navigate the changing impacts of the COVID-19 Pandemic. The challenges to our daily business were experienced more keenly as transmission within our local community unfolded. Network Tasman incorporated a range of initiatives to manage risk including flexible working arrangements, separate work teams, and doing business differently wherever possible to limit face-to-face contact. The close of the 2021/22 year, was the second year operating under the umbrella of COVID-19. Despite these challenges, Network Tasman continued to refine health and safety arrangements and showed dexterity in adapting and applying policies and procedures in an uncertain environment. A future focus expressed in last year's Annual Report is to continue strengthening Network Tasman's safety maturity. By focusing on our review and audit processes to accurately gauge the quality of our system, the assessment of Network Tasman's actual versus intended health and safety performance is continuing. This work has extended across all sections of Network Tasman's Health and Safety Management System and aligns with internationally recognised Occupational Health and Safety Management System requirements.

There were no lost-time injuries, public safety injuries or property damage incidents recorded during the year. Network Tasman's safety incidents reported over the year capture both internal incidents and those reported by our major contractor organisations.

In addition to this high-level focus, many existing initiatives have continued to add value and improve our management of risk. These include contractor and sub-contractor management strategies, internal monitoring and audit functions, safe work observations, incident reporting and investigation practices, and in house training and development. Alongside our safety focus, supporting and promoting personal wellbeing in the workplace is recognised as a critical consideration. Network Tasman offers several initiatives and resources to staff to support wellbeing and is continuing to focus on how we keep these relevant to ensure our workplace is safe and enjoyable to work in. In summary, Network Tasman is taking a rigorous approach to the ongoing development of safety maturity across our business operations. Checking what we do against planned outcomes and expectations, and adjusting our approach where needed, will be front and centre as we continue to enhance our health and safety relevance and performance over the coming year.

Emerging Technologies

New technologies are now becoming mainstream and economically viable. The Tasman region has one of the highest penetration rates for solar rooftop (PV) generation in New Zealand and, more generally, our region is an increasing adopters of new technologies, including EV's. 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 is collaboration between lines companies to share knowledge and experience and foster 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. A current focus is to find solutions to close three gaps in the Tasman region roading network for the provision of EV charging capability. A project has been approved to enable charging at St Arnaud and Kohatu and we are working with EECA (Energy Efficiency & Conservation Authority) who have issued a tender by for a charging solution at Springs Junction.

Pricing and Discounts

Network Tasman continues to have one of the lowest residential line charges in the country. Consumers received $13.3 million including GST credited to their power accounts ($13.5 million in 2021 including the $1 million COVID-19 discount). As a regulated business, Network Tasman remains subject to the Commerce Commission's Default Price-quality Path regime (DPP). The DPP regime was re-set for a 5-year period from 1 April 2020. The current weighted average cost of capital (WACC) permitted for regulated distributors is 4.57%. With the current and likely future volatility in the economy, Network Tasman works to ensure a smooth transition of prices across regulatory periods and as a result of the company's moderate price rises, we remain well below the revenue cap set by the Commission ($4.2 million below the cap) in the next 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 contracted residential and commercial sub-divisions are completed, and value-added services such as our managed CCTV service increase. The fibre business continues to have a strong forward work programme of new contracted residential and commercial sub divisions. A refresh/consolidation of the core electronics that provide premium-level services and retailer interconnects was undertaken over the past year. This refresh has allowed the continued delivery of superior services to the market and to future proof our core network as customer demand increases and higher connection speeds are demanded. 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 76% 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 and utilise the data the advanced meters provide. The Smartco roadmap provides for the continued development of analytics tools for networks utilising their newly developed platform. Enhancement and development of these tools will continue in 2022 to make them more usable and better suited to distributors' particular issues as members work out how best to solve everyday problems with the newly available information. On Metering Limited (OML) our joint venture with Alpine Energy Limited, currently has 30,527 meters installed on the MainPower network (72% 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 2021/22. In 2021/22, Network Tasman's total line revenue was $4.1 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 Commission with the DPP3 reset applying from 1 April 2020. The electricity sector is entering a time of change and opportunity as a result of climate change, decarbonisation and the ongoing impact of COVID-19. These issues are prominent in the minds of both of the organisations that are primarily responsible for regulating the electricity distribution sector: the Commerce Commission and the Electricity Authority. Both regulators are undertaking reviews to ensure that the regulatory framework is updated to ensure that regulation assists and empowers distributors to manage these changing circumstances appropriately and efficiently.

The Commission is currently reviewing the Input Methodologies and Information Disclosure requirements applying to electricity distribution businesses. The Input Methodologies are the rules and processes that underpin the Commission's regulation of electricity lines services. The Input Methodologies apply to key components of the regulatory regime such as how the Commission values assets, allocates costs, shares risk between businesses and consumers, and determines how businesses are compensated for their investments. As the Commission must apply the Input Methodologies when setting price-quality paths, decisions it makes as part of this review will influence the price and quality regulation that Network Tasman is subject to following the next price-quality reset in 2025. The Information Disclosure obligations require electricity distribution businesses to disclose information about their performance with the aim of encouraging them to improve efficiency and quality as well as incentives to innovate and invest.

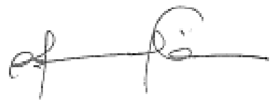
The Electricity Authority is reviewing the framework under which distribution networks are regulated to ensure the right regulatory settings are in place to promote competition and best support the transition to a low-emissions future. The Authority has published a paper that considered a broad range of themes, including how to improve the availability of information on power flows and hosting capacity on distribution networks; whether additional electricity supply standards will be required to address power quality issues associated with greater penetration of distributed energy resources, such as solar PV and EVs. Whether there are barriers to some market participants connecting to and operating on distribution networks; whether more regulation is needed regarding the terms and conditions under which third parties connect to distribution networks; reviewing the capacity and capability of the distribution sector to coordinate and integrate the growing penetration of distributed energy resources connecting to distribution networks; how to improve the accuracy and efficiency of the signals sent by distribution prices. Network Tasman is actively participating in each of these regulatory work streams, either directly or via the ENA.

Dividend

Network Tasman paid a fully imputed dividend of $1.8 million to our shareholder, the Network Tasman Trust.

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 2022

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) P J Adamson I P Barker J L Edgar T F Kearney T M Kreft
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) E R McKenzie A J Miller A P Reilly S L Smith S I Weir
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.

Network Tasman Trust & Subsidiaries

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CHARTERED ACCOUNTANTS

Statement of comprehensive income / (loss)

For the year ended 31 March 2022

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
Total operating revenue	2	55,651	55,375	1,800	1,636
Total operating expenses	3	(43,805)	(41,573)	(3,533)	(4,660)
Operating surplus / (loss) before income tax		11,846	13,802	(1,733)	(3,024)
Share of surplus of associate	17	907	704	0	0
Operating surplus / (loss)		12,753	14,506	(1,733)	(3,024)
Income tax (expense) / income	4	(3,896)	(5,445)	(51)	(49)
Operating surplus / (loss) for the period		8,857	9,061	(1,784)	(3,073)
Other comprehensive income		0	0	0	0
Network Tasman share revaluation		0	0	10,641	12,134
Total comprehensive income / (loss)		8,857	9,061	8,857	9,061
Total comprehensive income / (loss):					
Comprehensive income from continuing activities		8,857	9,061	8,857	9,061
Comprehensive income from discontinued activities		0	0	0	0
		8,857	9,061	8,857	9,061

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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Statement of changes in equity

For the year ended 31 March 2022

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
Total equity at beginning of period	7	236,582	227,423	236,582	227,423
Operating surplus / (loss)		8,857	9,061	(1,784)	(3,073)
Other comprehensive income					
Network Tasman subsidiaries share revaluation		0	0	10,641	12,134
Consumer distribution adjustment		117	98	117	98
Transfers from revaluation reserve		0	0	0	0
Total equity at end of period	7	245,556	236,582	245,556	236,582

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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CHARTERED ACCOUNTANTS

Balance sheet

As at 31 March 2022

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
Current assets					
Cash and cash equivalents	9	9,082	7,309	1,736	42
Other financial assets	10	0	0	0	0
Trade receivables	11	5,425	5,357	0	0
Loans to joint ventures	19	3,489	3,739	0	0
Other current assets	12	1,136	999	1	0
Total current assets		19,132	17,404	1,737	42
Non-current assets					
Property, plant and equipment	13	210,319	204,581	0	0
Advances to subsidiaries	14	0	0	3,410	6,884
Investment properties	15	36,897	34,040	0	0
Intangible assets	16	598	447	0	0
Investment in associates and joint ventures	17	13,592	13,235	0	0
Investment in subsidiaries	18	0	0	240,576	229,935
Other non-current assets	20	2,252	933	0	0
Other investments	21	11,153	11,418	0	0
Total non-current assets		274,811	264,654	243,986	236,819
Total assets		293,943	282,058	245,723	236,861
Current liabilities					
Payables and accruals	22	15,025	13,395	167	279
Provisions	23	375	328	0	0
Loans and Borrowings	24	0	0	0	0
Total current liabilities		15,400	13,723	167	279
Non-current liabilities					
Provisions	23	264	250	0	0
Loans and Borrowings	24	0	0	0	0
Deferred taxation	25	32,723	31,503	0	0
Total non-current liabilities		32,987	31,753	0	0
Equity					
Attributable to trustees of the trust	7	245,556	236,582	245,556	236,582
Total equity		245,556	236,582	245,556	236,582
Total liabilities and equity		293,943	282,058	245,723	236,861

For and on behalf of the Trustees;

Trustee:

Trustee:

Date: 15 July 2022

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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CHARTERED ACCOUNTANTS

Statement of cash flows

For the year ended 31 March 2022

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		48,943	50,567	0	0
Dividend income received		914	1,020	1,800	1,600
Interest income received		34	185	0	37
Tax refunds received		40	62	0	9
		49,931	51,934	1,800	1,646
Cash was applied to:					
Payments to suppliers and employees		30,587	33,133	228	275
Income tax paid		2,432	2,741	42	70
Interest expense paid		13	50	0	0
Distributions		3,309	4,439	3,309	4,439
		36,341	40,363	3,579	4,784
Net cash flows from operating activities	27	13,590	11,571	(1,779)	(3,138)
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		0	123	0	0
Proceeds from other financial assets		0	2,000	0	2,000
Repayments of advances and loans		250	250	3,473	1,159
Proceeds from other investments		480	4,271	0	0
Insurance proceeds		0	0	0	0
		730	6,644	3,473	3,159
Cash was applied to:					
Purchase of property, plant and equipment and investment properties		12,323	11,145	0	0
Payments from other financial assets		0	0	0	0
Payments of advances and loans		0	0	0	0
Payments from other investments		224	1,459	0	0
		12,547	12,604	0	0
Net cash flows from investing activities		(11,817)	(5,960)	3,473	3,159
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		0	250	0	0
Finance lease repayments		0	0	0	0
		0	250	0	0
Net cash flows from financing activities	28	0	(250)	0	0
Net increase (decrease) in cash held		1,773	5,361	1,694	21
Cash balances at beginning of period		7,309	1,948	42	21
Cash balances at end of period		9,082	7,309	1,736	42
Composition of cash balances at end of year					
Cash on hand and at bank		1,974	3,330	1,736	42
Cash equivalents - term deposits		7,108	3,979	0	0
Total	9	9,082	7,309	1,736	42

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

NMA Nelson Marlborough Audit Limited

craiganderson
CHARTERED ACCOUNTANTS

Notes to and forming part of the Financial Statements

For the year ended 31 March 2022

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, the Financial Reporting Act 2013 the Energy Companies Act 1992 and New Zealand equivalents to International Financial Reporting Standards.

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.

NMA Nelson Marlborough Audit Limited

Notes to and forming part of the Financial Statements
For the year ended 31 March 2022

New and amended standards adopted

The Group has not applied new standards and amendments for the year ending 31 March 2022.

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 2022.

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.

NMA Nelson Marlborough Audit Limited

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	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
2. Operating revenue					
Continuing activities					
Revenue from contracts with customers		47,045	43,636	0	0
Revenue from property rental		2,089	1,961	0	0
Vested assets		2,431	4,535	0	0
Insurance proceeds		0	0	0	0
Interest income		34	165	0	36
Dividend income		364	321	1,800	1,600
Increase in fair value of investment properties	15	2,545	3,440	0	0
Change in fair value of loan to joint venture		0	0	0	0
Gain on sale of assets		0	234	0	0
Depreciation Recovered		0	14	0	0
Other revenue		1,143	1,069	0	0
Total operating revenue from continuing activities		55,651	55,375	1,800	1,636
Revenue from contracts with customers					
Distribution network revenue		39,560	37,116	0	0
Technology networks revenue		5,582	5,435	0	0
Connection fees and levies		483	494	0	0
Customer contributions		836	116	0	0
Management fees		195	195	0	0
Sundry income		389	280	0	0
		47,045	43,636	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. Revenue 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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
3. Operating expenses					
Operating expenses include:					
Gross transmission costs		13,890	12,966	0	0
Operation & Maintenance		7,009	6,823	0	0
Depreciation of property, plant and equipment and amortisation of intangible assets					
Distribution network		6,122	5,898	0	0
Technology networks		2,392	2,428	0	0
Land & buildings		180	168	0	0
Plant & equipment		120	153	0	0
Computer equipment		114	86	0	0
Assets leased from Transpower		0	0	0	0
Intangible assets		241	403	0	0
Total depreciation of property, plant and equipment and amortisation of intangible assets		9,169	9,136	0	0
Auditors' fees					
Audit fee - Trust		12	12	12	12
Audit fee - Company		73	71	0	0
Audit fee - Non trading subsidiaries		0	0	0	0
Other assurance services - Audit New Zealand		51	48	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

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
3. Operating expenses (con't)					
Costs of offering credit					
Bad debts written off		18	6	0	0
Change in provision for doubtful debts		0	0	0	0
Governance expenses					
Directors' and Trustees' fees		376	349	116	116
Other expenses					
Distributions		3,308	4,437	3,308	4,437
Donations		209	234	0	0
Employment costs		4,407	4,180	0	0
Loss on disposal of assets		743	224	0	0
Short term leases	24	6	6	0	0
Other expenses		4,521	3,031	97	95
Interest Expense					
Interest paid		13	50	0	0
Total expenses from continuing activites		43,805	41,573	3,533	4,660

ACCOUNTING POLICY

Consumer distributions

Consumers of Network Tasman Trust are allocated a distribution each year. For the year ended 31 March 2022 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.

		Note	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
4. Income tax						
Operating surplus before income tax			12,753	14,506	(1,733)	(3,024)
Prima facie taxation at 28% (Company)	16,286		4,560	5,356	0	0
Prima facie taxation at 33% (Trust)	-3,533		(1,166)	(1,526)	(572)	(998)
	12,753					
Plus / (less) taxation effect of:						
Non-deductible expenditure			1,373	1,599	1,092	1,464
Non-taxable revenue			(2,091)	(3,096)	(469)	(417)
Movement in deferred tax			1,220	3,112	0	0
Prior year adjustments			0	0	0	0
			502	1,615	623	1,047
Income tax expense recognised in statement of comprehensive income / (loss)			3,896	5,445	51	49
Comprising:						
Current tax liability			2,676	2,333	51	49
Deferred tax on temporary differences		25	1,220	3,112	0	0
			3,896	5,445	51	49

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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
5. Imputation credit account					
Imputation credits available for use in subsequent reporting periods		29,952	27,795	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	183,392	172,751
Retained earnings	8	215,668	206,811	32,276	34,060
Consumer distribution adjustment		388	271	388	271
Total equity		245,556	236,582	245,556	236,582
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

Notes to and forming part of the financial statements
For the year ended 31 March 2022

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
7. Equity (con't)					
Revaluation reserve					
Balance at beginning of period		0	0	172,751	160,617
Revaluation during year		0	0	10,641	12,134
Balance at end of period		0	0	183,392	172,751
Consumer distribution adjustment					
Balance at beginning of period		271	173	271	173
Adjustment during year		117	98	117	98
Balance at end of period		388	271	388	271
8. Retained earnings					
Balance at beginning of period		206,811	197,750	34,060	37,133
Operating surplus / (deficit) for the period		8,857	9,061	(1,784)	(3,073)
Balance at end of period		215,668	206,811	32,276	34,060
9. Cash and equivalents					
Cash on hand and at bank		1,974	3,330	1,736	42
Cash equivalents - short term / on call deposits		7,108	3,979	0	0
Total cash and equivalents		9,082	7,309	1,736	42

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 Westpac New Zealand Limited. The Standards & Poors ratings is AA- for both banks.

The interest rate on these investments are 0.8% to 1.2% (31 March 2021: 0.1%).

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.

	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
10. Other financial assets				
Term deposits	0	0	0	0
Total other financial assets	0	0	0	0

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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
11. Trade receivables					
Current					
Trade receivables		5,427	5,370	0	0
Less loss allowance		(2)	(13)	0	0
Total current receivables		5,425	5,357	0	0

The carrying value of receivables approximates their fair value. As at 31 March 2022 and 31 March 2021 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.

	Note	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
12. Other current assets					
Interest accrued		0	0	0	0
Sundry receivables		376	284	0	0
Tax Provision		52	41	1	0
Prepayments	20	708	674	0	0
		1,136	999	1	0

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CHARTERED ACCOUNTANTS

13. Property, plant and equipment

	Electricity distribution network	Technology networks	Land & buildings	Plant & equipment	Computer equipment	Right-of-use assets	Assets under construction	Total assets
	$000	$000	$000	$000	$000	$000	$000	$000
Cost or Valuation								
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**
Balance at 1 April 2021	245,651	39,663	12,925	1,804	1,520	2,823	8,902	313,288
Additions / adjustments	12,810	1,702	148	16	18	-	737	15,431
Change of treatment	-	-	-	-	(557)	-	-	(557)
Disposals	(731)	(24)	-	-	-	-	-	(755)
Balance at 31 March 2022	**257,730**	**41,341**	**13,073**	**1,820**	**981**	**2,823**	**9,639**	**327,407**
Accumulated depreciation								
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
Adjustment	-	-	-	-	-	-	-	-
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**
Balance at 1 April 2021	83,186	18,118	2,456	1,085	1,039	2,823	-	108,707
Depreciation expense	6,122	2,392	180	120	114	-	-	8,928
Change of treatment	-	-	-	-	(313)	-	-	(313)
Elimination on disposal	(224)	(10)	-	-	-	-	-	(234)
Balance at 31 March 2022	**89,084**	**20,500**	**2,636**	**1,205**	**840**	**2,823**	**-**	**117,088**
Carrying amounts								
As at 31 March 2021	162,465	21,545	10,469	719	481	-	8,902	204,581
As at 31 March 2022	168,646	20,841	10,437	615	141	-	9,639	210,319

Change of treatment
Recent IFRIC agenda decisions by the IASB have provided some clarity over the accounting for cloud computing arrangements. The company has adjusted its financial statements to implement this guidance, and this as had the effect of reducing the carrying value of its information technology assets by $244,000.

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.

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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.

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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
14. Advances to subsidiaries					
NTT Investments Limited					
Opening balance		0	0	6,884	8,043
Plus advances		0	0	0	0
Less repayments		0	0	(3,474)	(1,159)
Closing balance at end of period		0	0	3,410	6,884
Total advances		0	0	3,410	6,884
Current advances		0	0	0	0
Non current advances		0	0	3,410	6,884
Total advances		0	0	3,410	6,884

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.

NMA Nelson Marlborough Audit Limited

Notes to and forming part of the financial statements

For the year ended 31 March 2022

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
15. Investment properties					
Movement in investment properties					
Opening balance		34,040	30,323	0	0
Plus Additions		136	370	0	0
Depreciation expense		0	5	0	0
Change in use		116	0	0	0
Plus / (less) fair value gain / (loss) on valuation		2,545	3,440	0	0
Plus increase / (decrease) in assets under construction		60	(98)	0	0
Less disposals		0	0	0	0
Closing balance		36,897	34,040	0	0
Investment properties are represented by:					
Land		14,413	13,165	0	0
Buildings		22,412	20,863	0	0
Assets under construction		72	12	0	0
Total investment properties		36,897	34,040	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 Hope property's 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 S Charles B.Com (VPM), ANZIV, MPINZ, an independent registered valuer of Duke & Cooke Limited as at 31 March 2022. 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 Charles 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 2022 $000	Total 2021 $000
Opening Balance	17,264	15,570	1,206	34,040	30,323
Additions	85	29	22	136	370
Disposals	0	0	0	0	0
Depreciation expense	0	0	0	0	5
Change in use	0	111	5	116	0
Plus increase / (decrease) in assets under construction	0	60	0	60	(98)
Change in fair value	1,073	1,264	208	2,545	3,440
Closing Balance	18,422	17,034	1,441	36,897	34,040

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 these properties 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.

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 0.6 years – 2.5 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 $1.4 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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
16. Intangible assets					
Movement in intangible assets					
Opening balance		447	404	0	0
Plus additions		225	449	0	0
Less amortisation		(241)	(403)	0	0
Plus increase / (decrease) in assets under construction		167	0	0	0
Less disposals		0	(272)	0	0
Plus accumulated provision write back on disposal		0	269	0	0
Closing balance		598	447	0	0

Intangible assets are represented by:

	At cost $000	Accum. amortisation $000	Carrying amount $000
Intangible assets - 31 March 2022			
Computer software	2,896	2,465	431
Assets under construction	167	-	167
Total Intangible assets	3,063	2,465	598
Intangible assets - 31 March 2021			
Computer software	2,671	2,224	447
Total Intangible assets	2,671	2,224	447

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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
17. Investment in associates and joint ventures					
Associate company					
Name of entity — **Activity**					
Nelson Electricity Limited — Distribution network owner & operator		12,105	11,894		
Ownership interest		50%	50%		
Nelson Electricity Limited is incorporated in New Zealand, and has a balance date of 31 March.					
Results of associate					
Share of surplus / (deficit) before income tax		1,061	1,264	0	0
Movement in NEL deferred tax		34	(72)	0	0
Income tax		(334)	(383)	0	0
Share of comprehensive income / (loss)		761	809	0	0
Total recognised revenues and expenses		761	809	0	0
Carrying value of associate					
Opening balance at beginning of period		11,894	11,785	0	0
Share of recognised revenues and expenses		761	809	0	0
Dividends received		(550)	(700)	0	0
Closing balance at end of period		12,105	11,894	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 2022	GROUP 2021	PARENT 2022	PARENT 2021
Assets	18,070	18,076	0	0
Liabilities	5,965	6,182	0	0
Revenues	4,626	4,689	0	0
Surplus / (deficit)	761	809	0	0

Name of entity	**Activity**	GROUP 2022	GROUP 2021
On Metering Limited	Meter deployment company	1,228	1,082
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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
17. Investment in associates and joint ventures (con't)					
Results of joint venture					
Share of surplus / (deficit) before income tax		48	(67)	0	0
Prior period restatement		(117)	0	0	0
Late adjustment from last year		0	(38)	0	0
Movement in deferred tax		41	(12)	0	0
Income tax		174	12	0	0
Share of comprehensive income / (loss)		146	(105)	0	0
Total recognised revenues and expenses		146	(105)	0	0

The prior period restatement is the result in a change of treatment of cloud computing arrangements. The recogition of tax losses has increased the income tax benefit in the year ending 31 March 2022.

	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Carrying value of joint venture				
Opening balance at beginning of period	1,082	1,187	0	0
Share of comprehensive income	146	(105)	0	0
Closing balance at end of period	1,228	1,082	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 2022	GROUP 2021	PARENT 2022	PARENT 2021
Assets	4,845	4,985	0	0
Liabilities	3,617	3,904	0	0
Revenues	1,094	1,059	0	0
Surplus / (deficit)	146	(105)	0	0

Name of entity	**Activity**	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
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 2022	GROUP 2021	PARENT 2022	PARENT 2021
Results of associate				
Share of surplus / (deficit) before income tax	12	11	0	0
Movement in deferred tax	0	0	0	0
Income tax	(12)	(11)	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

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	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $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 2022	GROUP 2021	PARENT 2022	PARENT 2021
Assets	627	600	0	0
Liabilities	443	417	0	0
Revenues	2,608	2,538	0	0
Surplus / (deficit)	0	0	0	0
Total carrying value of associates and joint ventures				
Nelson Electricity Limited	12,105	11,894	0	0
On Metering Limited	1,228	1,082	0	0
SmartCo Limited	259	259	0	0
Total	13,592	13,235	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 2022	GROUP 2021	PARENT 2022	PARENT 2021
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	175,549	164,977
	0	0	232,734	222,162
NTT Investments Limited Shares				
Share revaluation	0	0	7,842	7,773
	0	0	7,842	7,773
Total investments in subsidiaries	0	0	240,576	229,935

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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Notes to and forming part of the financial statements

For the year ended 31 March 2022

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	3.48%	1%

Network Tasman Limited	
Growth rate	0.5% increase in the growth rate would result in an increase in fair value of 14.90% $53,052,718
	0.5% decrease in the growth rate would result in an decrease in fair value of 11.24% ($40,017,652)
WACC	1% increase in WACC would result in an decrease in fair value of 19.90% ($70,860,379)
	1% decrease in WACC would result in an increase in fair value of 35.47% $126,312,706
NTT Investments Limited	
Investment growth rate	1% increase in the investment growth rate would result in an increase in fair value of 11.44% $900,789
	1% decrease in the investment growth rate would result in an decrease in fair value of 10.98% ($865,163)
WACC	1% increase in WACC would result in an decrease in fair value of 25.73% ($2,026,449)
	1% decrease in WACC would result in an increase in fair value of 60.09% $4,733,446

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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
19. Loans to joint ventures					
Loan to On Metering Limited		3,489	3,739	0	0
				0	0
Total financial assets held at fair value		3,489	3,739	0	0
On Metering Limited					
Opening balance		3,739	3,989	0	0
Plus advances		0	0	0	0
Less repayments		(250)	(250)	0	0
				0	0
Closing balance at end of period		3,489	3,739	0	0
Total financial assets held at fair value		3,489	3,739	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)	6,008	55 years	109

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
Expense for year		109	113	0	0
Prior period expense (June 2019 to March 2020)		0	85	0	0
		109	198	0	0
Opening prepayment		1,046	0	0	0
Additional expenditure		180	0	0	0
Payments for year		1,244	1,244	0	0
less expense for year		(109)	(198)	0	0
Total prepayment		2,361	1,046	0	0
Current prepayment	12	109	113	0	0
Non-current prepayment		2,252	933	0	0
		2,361	1,046	0	0

21. Other investments

	Note	GROUP 31 March 2022	GROUP 31 March 2021	PARENT 31 March 2022	PARENT 31 March 2021
Term Deposits, Bonds & Debenture Stock		11,153	11,418	0	0
Property, plant & equipment intended for sale	13	0	0	0	0
Total other investments		11,153	11,418	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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
22. Payables and accruals					
Current					
Trade payables and accruals		14,344	12,999	167	279
Tax Payable		681	396	0	0
Total current payables and accruals		15,025	13,395	167	279

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.

	Note	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
23. Provisions					
Current					
Employee entitlements		375	328	0	0
Sundry provisions		0	0	0	0
Total current provisions		375	328	0	0
Non-current					
Employee entitlements		264	250	0	0
Total non-current provisions		264	250	0	0
Total Provisions		639	578	0	0
Provision for employee entitlements					
Balance at beginning of period		578	503	0	0
Additional provisions made		359	341	0	0
Amount utilised		(298)	(266)	0	0
Balance at end of period		639	578	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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	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
24. Loans and Borrowings					
Current					
Secured bank loans		0	0	0	0
Total current loans and borrowings		0	0	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	0	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 2022 $000	31 March 2021 $000
Bank of New Zealand Limited - Secured	25 Sep 2023	3.75%	$10 million	0	0
				0	0

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 2022	GROUP 2021	PARENT 2022	PARENT 2021
Bank of New Zealand Limited	10,000	10,000	0	0
Total	10,000	10,000	0	0

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	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
25. Deferred taxation					
Balance at beginning of period		31,503	28,391	0	0
Deferred tax on temporary differences		1,220	3,112	0	0
Balance at end of period		32,723	31,503	0	0

Analysis of temporary deferred tax differences

For the year ended 31 March 2022	Fixed assets $000	Provisions $000	Prepayments $000	Total $000
Opening balance	31,369	(159)	293	31,503
Charge to income	869	(17)	368	1,220
Charge to equity	-	-	-	-
Closing balance	32,238	(176)	661	32,723

For the year ended 31 March 2021	Fixed assets $000	Provisions $000	Leases $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

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 2022	GROUP 2021	PARENT 2022	PARENT 2021
No later than one year	1,219	1,363	0	0
Later than one year and not later than five years	2,240	1,649	0	0
Later than five years	0	0	0	0
	3,459	3,012	0	0

The lease arrangements are renewed on a periodic basis as disclosed in the lessors' individual contracts. In 2022 rental income received from leases with non-cancellable operating lease arrangements amounted to $2,089,000 (31 March 2021: $1,961,000).

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	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
27. Reconciliation of operating surplus to net cash flows from operating activities					
Total comprehensive income		8,857	9,061	8,857	9,061
Items not involving cash flows:					
Depreciation & amortisation		8,856	9,136	0	0
Movement in deferred taxation		1,220	3,112	0	0
Non cash customer contributions		(2,431)	(4,535)	0	0
Change in fair value		(2,545)	(3,440)	0	0
Equity accounted earnings from associate		(360)	(3)	0	0
Bad debts written off		18	6	0	0
(Gain) loss on sale of assets		529	(1,613)	0	0
Tax refund		24	96	(3)	13
RWT paid		(38)	(71)	0	0
Consumer distribution adjustment		(1)	(2)	(1)	(2)
Network Tasman share revaluation		0	0	(10,641)	(12,134)
		5,272	2,686	(10,645)	(12,123)
Movement in working capital:					
Increase (decrease) in non capital payables		976	1,026	9	(77)
Increase (decrease) in provisions		60	76	0	0
(Increase) decrease in non capital receivables and prepayments		(1,575)	(1,297)	0	0
(Increase) decrease in interest accrued		0	19	0	1
		(539)	(176)	9	(76)
Net cash flows from operating activities		13,590	11,571	(1,779)	(3,138)

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 2021: 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 2021: 100%).

Associate & joint venture companies

		Percentage owned by Network Tasman Limited 2022	2021
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 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
Transactions during the year					
Charges from Network Tasman Limited to Nelson Electricity Limited		1,799	1,767	0	0
Charges from Nelson Electricity Limited to Network Tasman Limited		8	5		
Charges from Network Tasman Limited to On Metering Limited		140	139	0	0
Charges from On Metering Limited to Network Tasman Limited		0	0	0	0
Charges from Network Tasman Limited to SmartCo Limited		2,964	2,821	0	0
Charges from SmartCo Limited to Network Tasman Limited		907	932	0	0
Outstanding balances at year end					
Balance due from Nelson Electricity Limited as at period end		166	175	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		3	144	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		546	525	0	0
Balance due to SmartCo Limited as at period end		182	97	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 2021: nil)

Key Management personnel compensation

	GROUP 2022	GROUP 2021	PARENT 2022	PARENT 2021
Salaries and other short-term benefits	1,910	1,716	116	116
Post employment benefits	0	0	0	0
Other long term benefits	31	26	0	0
Termination benefits	0	0	0	0
Total key management personnel compensation	1,941	1,742	116	116

No post employment or termination benefits were paid during the year. (31 March 2021 : nil)

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.

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	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
29. Related party information (con't)					
Transactions during the year					
Charges from Network Tasman Limited to Nelmac Limited		3	0	0	0
Charges from Nelmac Limited to Network Tasman Limited		14	17		
Charges from the Institute of Directors in New Zealand to Network Tasman Limited		2	1	0	0
Charges from Taylors Contracting Co Limited to Network Tasman Limited		2	0	0	0
Charges from Network Tasman Limited to Taylors Contracting Co Limited		1	14	0	0
Charges from ANSA Holdings Limited to Network Tasman Limited		14	0	0	0
Charges from Network Tasman Limited to the Cawthron Institute		235	0	0	0
Charges from Network Tasman Limited to Nelson Bays Primary Health		670	542	0	0
Outstanding balances at year end					
Balance due from Taylors Contracting Co Limited as at period end		1	0	0	0
Balance due from Nelmac Limited as at period end		0	11	0	0

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 $200,000 (31 March 2021: $225,000) 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 2022 was $3,410,226 (31 March 2021: $6,883,375). During the year $3,473,149 was repaid (31 March 2021: $1,159,352) and no interest was charged (31 March 2021: $0).

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

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.

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30. Financial risk management (cont'd)

a) Company - Network Tasman Limited

Credit risk

- 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 2022	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
Expected loss rate	0.05%	0.25%	0.19%	0.19%	0.52%	
Carrying amount trade receivables	5,223	84	28	22	70	5,427
Loss allowance	2	-	-	-	0	2

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	-	0	0	2	13

	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000
- Movement in loss allowance					
Opening balance		13	15	-	-
Receivables written off during period		(28)	(8)	-	-
Unused amount reversed		15	(7)	-	-
Additional loss allowance recognised in income statement during the year		2	13	-	-
Closing balance		2	13	-	-

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

- Concentrations of credit risk

The company's significant customers are electricity retailers of which the largest 4 have 73% (31 March 2021: 74%) of total line charge sales. The credit risk is not considered to be high. Apart from advances of $3.5 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 in the range from 0.8% to 1.2% (31 March 2021: 0.1%).

- Interest rate sensitivity analysis

As at 31 March 2022 the weighted average term deposit interest rate was 1% (31 March 2021: 0.1%). If this rate changed by 1%, with all other things held constant, the surplus / deficit for the year would have been $69,000 (31 March 2021: $4,000) higher or lower.

30. Financial risk management (cont')

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 $7.3 million (31 March 2021: $4.1 million) of cash and short term deposits and holds $15.2 million (31 March 2021: $13.4 million) of current liabilities. The current ratio is 1.1:1 (31 March 2021 1.1:1).

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

- Contractual maturities of financial liabilities

31 March 2022	Less than 12 months	12 months to 2 years	2 to 3 years	Total
Trade payables	14,177	-	-	14,177
Secured bank loans	-	-	-	-
	14,177	-	-	14,177

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

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 2021: 0%).

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.

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 2021: 0%).

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	Note	GROUP 12 months 31 March 2022 $000	GROUP 12 months 31 March 2021 $000	PARENT 12 months 31 March 2022 $000	PARENT 12 months 31 March 2021 $000

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 2022 $000	GROUP 2021 $000	PARENT 2022 $000	PARENT 2021 $000
Financial assets measured at amortised cost					
Cash and cash equivalent	9	9,082	7,309	1,736	42
Other financial assets: term deposits and loans	10	0	0	0	0
Debtors and other receivables	11	5,425	5,357	0	0
Sundry receivables	12	376	284	0	0
Advance to associates and subsidiaries	14	0	0	3,410	6,884
Loans to joint ventures	19	3,489	3,739	0	0
Total financial assets measured at amortised cost		18,372	16,689	5,146	6,926
Financial liabilities measured at amortised cost					
Trade payables and accruals	22	15,025	13,395	167	279
Secured bank loans	24	0	0	0	0
Total financial liabilities measured at amortised cost		15,025	13,395	167	279
Fair value financial assets					
Other Investments	21	11,153	11,418	0	0
Total fair value financial assets		11,153	11,418	0	0
Available for sale financial assets					
Investment in subsidiaries	18	0	0	240,576	229,535
Total available for sale financial assets		0	0	240,576	229,535

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 2022 $8.5 million (31 March 2021: $7.9 million). All capital commitments fall due in the next five years.

The Parent has no capital commitments (31 March 2021: nil).

33. Contingencies

As at 31 March 2022 there were no material contingent assets or liabilities for the Group or Parent (31 March 2021: nil).

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34. Performance targets

The following financial and reliability performance targets for the 12 months ending 31 March 2022 are specified in Network Tasman Limited's Statement of Corporate Intent (SCI). Forecast results are compared to the performance targets below:

		Actual Result 2022	SCI Target 2022	Actual Result 2021
Financial performance targets				
Total company:				
Surplus before interest, tax, line discount and customer contributions	$mil	24.7	19.8	24.8
Operating surplus after tax and before customer contributions	$mil	12.4	8.2	11.8
Operating surplus to shareholders' funds	%	5.3%	3.6%	5.3%
Line business only:				
Total network costs per consumer	$	0	0	0
Cash operating costs per consumer	$	284	294	283
Line Charge Discounts (Excluding GST)	$mil	11.6	11.3	11.8
Reliability performance targets (excludes Transpower planned and unplanned outages)				
Average duration of supply interruptions per connected consumer (SAIDI) planned not to exceed -	minutes	66	100	116
Average duration of supply interruptions per connected consumer (SAIDI) unplanned not to exceed	minutes	110	75	87
Average number of supply interruptions per connected consumer (SAIFI) not to exceed -	number	1.31	1.77	1.18
Average duration of supply interruptions (CAIDI) not to exceed -	minutes	134	99	172
Faults per 100 km of line not to exceed -	number	6.0	6.0	5.0
% faults not restored within three hours not to exceed	%	35%	20%	29%

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 2021/22 year (110/75). Three lightning storm events in August 2021, July 2021 and February 2022 resulted in a loss of supply to consumers and accumulated 32 SAIDI points.

Planned SAIDI was under target for the 2021/22 year (66/100). Maintenance works were disrupted by Covid 19 lockdowns during the year. The disruption has not impacted the reliability of the network however and it is expected that the planned works will be caught up during 2022/23.

SAIFI targets (the average number of interuptions experienced by consumers) were not exceeded during the year. Faults per 100km of line were in line with targets. 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.

The percentage of faults not restored within three hours was significantly higher for 2021/22 than in previous years. A significant contributing factor was a high number of fall distance tree toppling events during the year of 16, against the previous ten year average of 3. This represents a reflection of increased high rainfall and high wind events experienced during the year. The current Electricity vegetation regulations do not address fall distance tree hazards to power lines.

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34. Performance targets (cont'd)

		Actual Result 2022	SCI Target 2022	Actual Result 2021
Safety of electricity suppy				
Lost time injuries not to exceed -	number	0	0	0
Public safety and damage events				
Public Injury Events	number	0	0	0
Public Property Damage Events	number	0	0	1
Public Safety Management System (PSMS) certified & audited by Telarc		Yes	Yes	Yes

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

The COVID-19 pandemic has had no material adverse financial impact on the Group in either of the years ending 31 March 2021 or 31 March 2022.

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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 2022, 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 2022 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 2022.
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

15 July 2022