



**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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Network Tasman Trust & Subsidiaries

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Chair's Report to Annual Meeting – Friday 26 July 2024

The Trust has continued to hold regular meetings throughout the year dealing with a range of issues. Trustees have met with the Board as a whole 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 the Board Chair, John McCliskie, and during this year, with Sarah Smith, the new chair of the Board. I would like to thank John for his years of service to NTL and to welcome Sarah in her new role.

Finance

The Trust received interest income of \$64,002 during the year and a gross dividend of \$2,361,111 from Network Tasman Ltd. After deducting operating expenses of \$258,146, consumer distributions of \$3,421,669 and Income Tax of \$715,099 the Trust was left with an after-tax operating deficit of (\$1,969,800) (2023 – deficit \$1,599,466). 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 \$7.2 million and the financials showed a deficit of (\$16,639) (2023: deficit \$551,736) after taking into account a donation of \$264,000 to the Network Tasman Charitable Trust, operating expenses and income tax.

Community Activities

Community activities are mainly carried out by the Network Tasman Charitable Trust which this year made grants mostly to community organisations to the value of \$212,179. It also awards the Sir Wallace Rowling Scholarships to students going on to tertiary education, there being four recipients this year.

Guidelines for Access to Information

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 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 I report on the activities of Network Tasman Limited. This information has been extracted from the Network Tasman Limited Annual Report.

Financial Performance

Network Tasman has experienced 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 2023/24, delivering an operating surplus of \$10.0 million, \$0.6 million above the target of \$9.4 million and \$1.9 million below last year.

The major variances from last year were an increase in deferred tax expenses following the removal of the tax depreciation on commercial buildings of \$2.1 million, asset impairment of \$1.4 million, the inflationary impacts increasing maintenance and operations expenses of \$1.4 million and overhead expenses of \$1.1 million, offset by increased distribution revenue of \$2.7 million and a property revaluation gain of \$2.8 million.

While we are not immune from inflationary pressures, operating costs per connection continue to lie in the lowest quartile for electricity distribution businesses (EDBs)

Customer contributions of \$5.0 million reflect the buoyant nature of the residential property market with a number of large subdivisions being developed across the region. Residential housing consents are now halved from last year in the Tasman Region and Network Tasman is expecting this to impact next years results.

Consumers received line discounts totalling a record \$14.1 million including GST (\$13.7 million in 2023) credited to consumers' power accounts during the year. Cash flow from operations was \$14.7 million for the year, \$1.1 million below 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 \$0.4 million. Network Tasman spent \$19.4 million on capital expenditure during the year.

Our capital investment in the electricity network has been concentrated on accommodating the growth in our region and improving network safety and reliability through ongoing asset maintenance and renewal.

The reliability of the electricity distribution network is a key company objective. To meet this objective directors continue to review capital expenditure plans, network design and management options to improve feeder reliability across the network.

In the non-regulated business units, the company's investment properties and investments in advanced meters by Network Tasman and On Metering are realising increasing returns, backed by long-term contracts with retailers.

Capital expenditure on the fibre network has been focused on organic growth around the existing network including reticulating the steady growth in rural subdivisions in the Tasman area.

The financial targets as set down in Network Tasman's Statement of Corporate Intent, are compared on the table on page 12 with the actual results for the year ended 31 March 2024.

The company paid a fully imputed dividend of \$1.7 million to the Network Tasman Trust.

Health and Safety

Workplace health, safety and wellbeing remain a key priority across all activities of the company. Our goal is that our staff and contractors focus is on working safely so they arrive home safely.

Regular review and improvement of our health and safety systems are an integral

part of our approach to reflect the dynamic, ever-changing nature of health, safety and wellbeing. Having achieved ISO 45001 accreditation, our focus is now on reinforcing the direction for further growth and assurance so that our practices will continue to aspire to the highest standards.

Our networking forums serve as a proactive way of strengthening our relationships with our contractors, who form an essential part of our business, and as such, present a unique combination of risks across each contractor interaction.

Network Tasman's commitment to review and improve our health and safety management systems, alongside fostering a 'just' safety culture focused on learning from incidents rather than finding blame, continues to improve engagement and more effective risk management practices.

Pricing and Discounts

Network Tasman continues to have one of the lowest residential line charges in the country.

Consumers received \$14.1 million, including GST, credited to their power accounts (\$13.7 million in 2023).

As a regulated business, Network Tasman remains subject to the Commerce Commission's Default Price Path regime (DPP). The DPP regime was re-set for a 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. As a result of the company's moderate price rises, we remain well below the revenue cap set by the Commission (\$8.1 million below the cap in 2023/24).

Network Tasman Fibre

The Network Tasman Fibre business continues to experience growth across all of the services provided to the local market. We will continue to work with developers to maintain our position as the fibre provider of choice for new large-scale residential and business park developments while expanding our footprint and increasing the size of the addressable market in which Network Tasman Fibre operates.

Network Tasman Fibre is also a provider of CCTV services to the community. The managed CCTV service continues to grow as organisations look to outsource their CCTV requirements. The CCTV network has 363 cameras in operation across the top of the South Island and provides services to a number of organisations, including Port Nelson, local Councils and the NZ Police.

With recent core infrastructure upgrades, the network is well-placed to support the continued delivery of superior services to the market and to future-proof our core network as customer demand increases along with higher connection speeds.

The business continues to have a strong forward work programme for newly contracted residential and commercial subdivisions.

Advanced Meters

Network Tasman provides advanced metering services to 75% of our ICPs. Returns from the investment are underpinned by long-term contracts with major retailers. Our associate company Smartco has developed a suite of network management tools via the Hiko Energy Insight platform. These tools are provided to network owners as software as a service (SaaS), allowing networks to more effectively manage their maintenance and capital investment programmes based on actual advanced meter data.

On Metering Limited (OML) is a joint venture with Alpine Energy Limited and owns and operates 32,000 meters on the MainPower network. Returns from this investment continue to grow as shareholder advances are progressively repaid.

Regulation

As a non-exempt electricity distribution company, Network Tasman is 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 2023/24.

In 2023/24, Network Tasman's total line revenue was \$8.1 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 Commission has published a draft decision for the DPP4 reset, applying from 1 April 2025. The Commission has proposed a significant increase in Network Tasman's regulated revenue cap across the 5-year DPP4 period. As Network Tasman already collects revenues materially below the current regulated revenue caps, the provision of materially higher revenue allowances from 1 April 2025 is unlikely to alter Network Tasman's forward looking revenue requirements.

The electricity sector is entering a time of change and opportunity as a result of climate change and the transition to a low-carbon economy. These issues are prominent in the minds of both of the organisations primarily responsible for regulating the electricity distribution sector: The Commerce Commission and the Electricity Authority.

Both regulators are progressing 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.

In addition to resetting the price and quality regulation for non-exempt distribution businesses, the Commerce Commission has an ongoing project to review the Information Disclosure requirements that apply to electricity distribution businesses. Network Tasman is actively participating in each of the regulatory work streams, either directly or via the Electricity Networks Association (ENA).

Dividend

Network Tasman paid a fully imputed dividend of \$1.7 million to our shareholder, the Network Tasman Trust.

Conclusion

This year marked the 30th anniversary of the existence of Network Tasman Ltd and of the Trust. It is well to look back to that historic time in 1993 when a significant community-wide debate was held to decide what to do with the Tasman Electric Power Board, by then known as Tasman Energy. Should it be made into a public company, taken over by local bodies, become a consumer-owned entity or perhaps be community-owned? The government had hoped for a number of public companies across the country. However, up and down New Zealand local community held discussions about what was best for their region. It was a big issue at the time.

In 1993 Network Tasman Ltd (its new name) became consumer-owned and the first Trustees were elected to represent what are now, 30 years later, about 42,000 households connected to the network. That first Trust was chaired by Sir Wallace Rowling. A subsequent chair on his passing, was Sir Peter Malone. And there have been several of us since. Consumer ownership has brought incredible value to our region and I believe it was a good choice then and remains a good option now.

NTL has paid out discounts to consumers via their power accounts. It has also paid dividends to the Trust. The Trust has paid out distributions to the beneficiaries of the Trust (essentially the same people as the consumers). And all of this money has been kept in the community by the people of the region. It totals around \$300 million. And all the while Network Tasman Ltd's line charges remain almost the lowest of any network in New Zealand. This is an enviable position to be in.

To all Trustees, thank you for your continued support in making the Chair a satisfying position. And thank you to the Directors and Management of the Company for your work in steering the company towards a solid result whilst dealing with the challenges of a changing commercial, technological and environmental world. When we compare Network Tasman Ltd alongside other line companies, the Trustees and beneficiaries/ consumers can be very grateful for how you have positioned the Company.

We look forward to working with you in the future.

Lastly, I like to thank Ian Barker for his 12 years on the Trust, bringing as he has done, a wealth of experience to our discussions. This year is an election year and Ian is standing down. To you all, please take the trouble to vote and find us a new Trustee who can carry on in Ian's stead. Voting opens on 1 August.



Gwenny Davis
Chair

Network Tasman Trust & Subsidiaries

Directory

As at 31 March 2024

Network Tasman Trust

<i>Legal Name</i>	Network Tasman Trust	
<i>Nature of Trust</i>	Electricity Consumer Investment Trust	
<i>Date Settled</i>	1 May 1993	
<i>Trustees</i>	S G Davis P J Adamson I P Barker J L Edgar I F Kearney T M Kreft	(Chair)
<i>Administrator</i>	A Chapman	
<i>Registered Office</i>	RWCA Limited Level 3, 7 Alma Street Nelson 7010	
<i>Postal Address</i>	P O Box 3164 Richmond 7050	
<i>Accountants</i>	RWCA Limited Level 3, 7 Alma Street Nelson 7010	
<i>Auditors</i>	NMA Nelson Marlborough Audit Limited PO Box 732 Nelson 7040	
<i>Remuneration of Trustees</i>	Chair: \$33,055 Trustees: \$16,527	

Network Tasman Limited

<i>Directors</i>	MJ McCliskie LD Babe LR McKenzie AP Reilly SL Smith RA Pickworth MJ Playford	(Chair)
<i>Registered Office</i>	52 Main Road Hope 7020	
<i>Postal Address</i>	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

Statement of comprehensive income / (loss)

For the year ended 31 March 2024

		GROUP	GROUP	PARENT	PARENT
	Note	12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
		\$000	\$000	\$000	\$000
Total operating revenue	2	58,648	56,380	2,425	2,525
Total operating expenses	3	(46,879)	(45,205)	(3,680)	(3,366)
Operating surplus / (loss) before income tax		11,769	11,175	(1,255)	(842)
Share of surplus of associate	17	568	881	0	0
Operating surplus / (loss)		12,337	12,056	(1,255)	(842)
Income tax (expense) / income	4	(5,976)	(4,101)	(715)	(758)
Operating surplus / (loss) for the period		6,361	7,955	(1,970)	(1,600)
Other comprehensive income		0	0	0	0
Network Tasman share revaluation		0	0	8,292	9,596
Total comprehensive income / (loss)		6,361	7,955	6,322	7,996
Total comprehensive income / (loss):					
Comprehensive income from continuing activities		6,361	7,955	6,322	7,996
Comprehensive income from discontinued activities		0	0	0	0
		6,361	7,955	6,322	7,996

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

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Limited

Network Tasman Trust & Subsidiaries

Statement of changes in equity

For the year ended 31 March 2024

Note	GROUP		PARENT	
	12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
	\$000	\$000	\$000	\$000
Total equity at beginning of period	253,394	245,556	253,434	245,556
Operating surplus / (loss)	6,361	7,955	(1,970)	(1,600)
Other comprehensive income				
Network Tasman subsidiaries share revaluation	0	0	8,292	9,596
Consumer distribution adjustment	0	(117)	0	(118)
Transfers from revaluation reserve	0	0	0	0
Total equity at end of period	259,755	253,394	259,756	253,434

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

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Limited

Network Tasman Trust & Subsidiaries

Balance sheet

As at 31 March 2024

Current assets

Cash and cash equivalents
Other financial assets
Trade receivables
Loans to joint ventures
Other current assets
Total current assets

Non-current assets

Property, plant and equipment
Advances to subsidiaries
Investment properties
Intangible assets
Investment in associates and joint ventures
Investment in subsidiaries
Other non-current assets
Other investments
Total non-current assets

Total assets

Current liabilities

Payables and accruals
Provisions
Loans and Borrowings
Total current liabilities

Non-current liabilities

Provisions
Advances to subsidiaries
Loans and Borrowings
Deferred taxation
Total non-current liabilities

Equity

Attributable to trustees of the trust
Total equity

Total liabilities and equity

Note	GROUP 12 months 31 March 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
9	2,194	7,969	1,708	1,756
10	0	0	0	0
11	6,887	5,503	9	3
19	2,638	3,064	0	0
12	1,137	1,202	0	0
	12,856	17,738	1,717	1,759
13	231,548	221,420	3	2
14	0	0	0	1,545
15	43,336	37,876	0	0
16	548	556	0	0
17	14,457	13,923	0	0
18	0	0	258,464	250,172
20	4,350	3,346	0	0
21	6,700	8,656	0	0
	300,939	285,777	258,467	251,719
	313,795	303,515	260,184	253,478
22	15,870	15,464	47	44
23	443	426	0	0
24	0	0	0	0
	16,313	15,890	47	44
23	305	281	0	0
14	0	0	381	0
24	0	0	0	0
25	37,422	33,950	0	0
	37,727	34,231	381	0
7	259,755	253,394	259,756	253,434
	259,755	253,394	259,756	253,434
	313,795	303,515	260,184	253,478

For and on behalf of the Trustees;

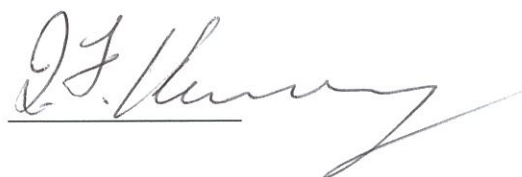
Trustee:



Date:

5/07/2024

Trustee:



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

NMA Nelson
Marlborough Audit
Limited

Network Tasman Trust & Subsidiaries

Statement of cash flows

For the year ended 31 March 2024

Note	GROUP 12 months 31 March 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers	48,655	51,630	0	0
Dividend income received	251	872	2,361	2,500
Interest income received	374	221	64	25
Tax refunds received	0	0	0	0
	49,281	52,723	2,425	2,525
<i>Cash was applied to:</i>				
Payments to suppliers and employees	31,766	34,564	257	230
Income tax paid	2,955	2,641	712	760
Interest expense paid	13	1		0
Distributions	3,428	3,377	3,428	3,378
	38,162	40,583	4,397	4,368
Net cash flows from operating activities	11,119	12,141	(1,972)	(1,843)
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Proceeds from sale of property, plant and equipment	24	6	0	0
Proceeds from other financial assets	0	0	0	0
Repayments of advances and loans	1,956	2,049	1,926	1,865
Proceeds from other investments	458	425	0	0
Insurance proceeds	17	0	0	0
	2,455	2,480	1,926	1,865
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment and investment properties	19,348	15,739	3	2
Payments from other financial assets	0	0	0	0
Payments of advances and loans	0	0	0	0
Payments from other investments	0	0	0	0
	19,348	15,739	3	2
Net cash flows from investing activities	(16,893)	(13,259)	1,923	1,863
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Term Loans	0	0	0	0
<i>Cash was applied to:</i>				
Dividends paid	0	0	0	0
Term Loans	0	0	0	0
Finance lease repayments	0	0	0	0
	0	0	0	0
Net cash flows from financing activities	0	0	0	0
Net increase (decrease) in cash held	(5,774)	(1,113)	(49)	20
Cash Balances of beginning of the period	7,967	9,082	1,756	1,736
Cash balances at end of period	2,194	7,969	1,707	1,756
Composition of cash balances at end of year				
Cash on hand and at bank	2,194	7,969	1,756	1,756
Cash equivalents - term deposits	0	0	0	0
Total	2,194	7,969	1,756	1,756

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

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

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 RWCA Limited, Level 3, 7 Alma Street, 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.

Network Tasman Trust & Subsidiaries

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

New and amended standards adopted

The Group has not applied new standards and amendments for the year ending 31 March 2024.

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 2024.

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.

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

Note	GROUP		PARENT	
	12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
	\$000	\$000	\$000	\$000
2. Operating revenue				
Continuing activities				
Revenue from contracts with customers	47,829	46,246	0	0
Revenue from property rental	2,461	2,252	0	0
Vested assets	4,936	5,530	0	0
Insurance proceeds	17	0	0	0
Interest income	365	228	64	25
Dividend income	251	322	2,361	2,500
Increase in fair value of investment properties	2,751	88	0	0
Change in fair value of loan to joint venture	0	0	0	0
Gain on sale of assets	0	0	0	0
Depreciation Recovered	1	3	0	0
Other revenue	37	1,711	0	0
Total operating revenue from continuing activities	58,648	56,380	2,425	2,525
Revenue from contracts with customers				
Distribution network revenue	40,063	39,125	0	0
Technology networks revenue	6,200	5,821	0	0
Connection fees and levies	516	516	0	0
Customer contributions	509	222	0	0
Management fees	195	198	0	0
Sundry income	346	364	0	0
	47,829	46,246	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 lived.

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.

Notes to and forming part of the financial statements
For the year ended 31 March 2024

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 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
Dividend income is recognised 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.

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.

Network Tasman Trust & Subsidiaries

Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

Note	GROUP		PARENT	
	12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
	\$000	\$000	\$000	\$000
3. Operating expenses (con't)				
Costs of offering credit				
Bad debts written off	28	42	0	0
Change in provision for doubtful debts	0	0	0	0
Governance expenses				
Directors' and Trustees' fees	424	408	127	128
Other expenses				
Distributions	3,422	3,139	3,422	3,139
Donations	274	211	0	0
Employment costs	5,102	4,839	0	0
Loss on disposal of assets	924	698	0	0
Asset Impairment	1,363	0		
Short-term leases	6	6	0	0
Other expenses	6,154	6,123	119	87
Interest Expense				
Interest paid	13	1	0	0
Total expenses from continuing activities	46,879	45,205	3,680	3,366

ACCOUNTING POLICY

Consumer distributions

Consumers of Network Tasman Trust are allocated a distribution each year. For the year ended 31 March 2024 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.

4. Income tax

Operating surplus before income tax

Prima facie taxation at 28% (Company)	15,933
Prima facie taxation at 33% (Trust)	-3,616
	<u>12,317</u>

Plus / (less) taxation effect of:

Non-deductible expenditure	801	1,304	1,129	1,279
Non-taxable revenue	(1,565)	(1,638)	0	(235)
Movement in deferred tax	3,472	1,227	0	0
Prior year adjustments	0	0	0	0

Income tax expense recognised in statement of comprehensive income / (loss)

Comprising:

Current tax liability	2,504	2,874	715	758
Deferred tax on temporary differences	3,472	1,227	0	0

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

	12,337	12,056	(1,255)	(842)
	4,461	4,312	0	0
	(1,193)	(1,103)	(414)	(286)
	801	1,304	1,129	1,279
	(1,565)	(1,638)	0	(235)
	3,472	1,227	0	0
	0	0	0	0
	2,708	892	1,129	1,044
	5,976	4,101	715	758
	2,504	2,874	715	758
	3,472	1,227	0	0
	5,976	4,101	715	758

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Notes to and forming part of the Financial Statements

For the year ended 31 March 2024

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.

5. Imputation credit account

Imputation credits available for use in subsequent reporting periods

6. Dividends

Dividends during the period:

Dividends paid

Bonus share issue

Total dividends paid

7. Equity

Trust capital

Share premium reserve

Revaluation reserve

Retained earnings

Consumer distribution adjustment

Total equity

Trust capital

Balance at beginning of period

Bonus share issue

Balance at end of period

Note	GROUP 12 months 31 March 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
	34,101	30,853	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	29,500	29,500	29,500	29,500
	0	0	0	0
	0	0	201,278	192,988
8	229,984	223,623	28,706	30,676
	271	271	271	271
	259,755	253,394	259,755	253,435
	29,500	29,500	29,500	29,500
	0	0	0	0
	29,500	29,500	29,500	29,500

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

7. Equity (con't)

Revaluation reserve

Balance at beginning of period
Revaluation during year

Balance at end of period

Consumer distribution adjustment

Balance at beginning of period
Adjustment during year

Balance at end of period

Note	GROUP 12 months 31 March 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
	0	0	192,988	183,392
	0	0	8,292	9,596
	0	0	201,280	192,988
	271	388	271	388
	0	(117)	0	(117)
	271	271	271	271

8. Retained earnings

Balance at beginning of period
Operating surplus / (deficit) for the period

Balance at end of period

	223,623	215,668	30,676	32,276
	6,361	7,955	(1,970)	(1,600)
	229,984	223,623	28,706	30,676
	1,979	1,981	1,707	1,756
	215	5,988	0	0
	2,194	7,969	1,707	1,756

9. Cash and equivalents

Cash on hand and at bank
Cash equivalents - short term / on call deposits

Total cash and equivalents

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 5.3% (31 March 2023: 4.11% to 4.55%).

ACCOUNTING POLICY

Cash and cash equivalents

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

10. Other financial assets

Term deposits

Total other financial assets

	0	0	0	0
	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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Notes to and forming part of the financial statements

For the year ended 31 March 2024

Note	GROUP		PARENT	
	12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
	\$000	\$000	\$000	\$000
11. Trade receivables				
Current				
Trade receivables	6,889	5,508	9	3
Less loss allowance	(2)	(5)	0	0
Total current receivables	6,887	5,503	9	3

The carrying value of receivables approximates their fair value. As at 31 March 2024 and 31 March 2023 the receivables have been assessed for expected credit losses. Refer to the calculation in note 30.

ACCOUNTING POLICY

Receivables

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

Impairment

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

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

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

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

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

KEY JUDGEMENT

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

12. Other current assets

Interest accrued	0	0	0	0
Sundry receivables	148	362	0	0
Tax Provision	81	120	0	0
Prepayments	908	720	0	0
	1,137	1,202	0	0

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Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

13. Property, plant and equipment

	Electricity distribution network \$000	Technology networks \$000	Land & buildings \$000	Plant & equipment \$000	Computer equipment \$000	Right-of-use assets \$000	Assets under construction \$000	Total assets \$000
Cost or Valuation								
Balance at 1 April 2022	257,730	41,341	13,073	1,820	981	2,823	9,639	327,407
Additions / adjustments	18,070	1,141	429	106	102	-	679	20,527
Disposals	(625)	(293)	-	(2)	(49)	-	-	(969)
Change of Treatment	-	-	-	-	-	-	-	-
Balance at 31 March 2023	275,175	42,189	13,502	1,924	1,034	2,823	10,318	346,965
Balance at 1 April 2023	275,175	42,189	13,502	1,924	1,034	2,823	10,318	346,965
Additions / adjustments	19,736	1,643	941	(25)	185	-	(1,014)	21,466
Change of treatment	-	-	-	-	-	-	-	-
Disposals	(1,555)	(172)	(46)	(41)	(130)	-	-	(1,944)
Balance at 31 March 2024	293,356	43,660	14,397	1,858	1,089	2,823	9,304	366,487

Accumulated depreciation

Balance at 1 April 2022	89,084	20,500	2,636	1,205	840	2,823	-	117,088
Depreciation expense	6,340	2,265	168	118	92	-	-	8,983
Adjustment	-	-	-	-	-	-	-	-
Elimination on disposal	(273)	(204)	-	(2)	(47)	-	-	(526)
Balance at 31 March 2023	95,151	22,561	2,804	1,321	885	2,823	-	125,545
Balance at 1 April 2023	95,151	22,561	2,804	-	1,321	885	-	125,545
Depreciation expense	6,610	2,136	196	111	106	-	-	9,159
Impairment	1,307	-	-	-	-	-	56	1,363
Elimination on disposal	(823)	(123)	(21)	(35)	(126)	-	-	(1,128)
Balance at 31 March 2024	102,245	24,574	2,979	1,397	865	2,823	56	134,939

Carrying amounts

As at 31 March 2023	180,024	19,628	10,698	603	149	-	10,318	221,420
As at 31 March 2024	191,111	19,086	11,418	461	224	-	9,248	231,548

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 cost 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, nor are any items of 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.

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

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	1.43% - 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.

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

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.

14. Advances to subsidiaries

NTT Investments Limited

Opening balance

Plus advances

Less repayments

Closing balance at end of period

Total advances

Current advances

Non current advances

Total advances

Note	GROUP		PARENT	
	12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
	\$000	\$000	\$000	\$000
	0	0	1,545	3,410
	0	0	0	0
	0	0	(1,926)	(1,865)
	0	0	(381)	1,545
	0	0	(381)	1,545
	0	0	0	0
	0	0	(381)	1,545
	0	0	(381)	1,545

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 impairment on these advances.

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

	Note	GROUP	GROUP	PARENT	PARENT
		12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
		\$000	\$000	\$000	\$000
15. Investment properties					
Movement in investment properties					
Opening balance		37,876	36,897	0	0
Plus Additions		183	839	0	0
Depreciation expense		4	(2)	0	0
Change in use		77	(5)	0	0
Plus / (less) fair value gain / (loss) on valuation		2,751	88	0	0
Plus increase / (decrease) in assets under construction		2,445	59	0	0
Less disposals		0	0	0	0
Closing balance		43,336	37,876	0	0
Investment properties are represented by:					
Land		15,004	14,958	0	0
Buildings		25,754	22,785	0	0
Assets under construction		2,578	133	0	0
Total investment properties		43,336	37,876	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 its 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 2023. 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	Industrial	Other	Total 2024	Total 2023
	\$000	\$000	\$000	\$000	\$000
Opening Balance	18,324	18,194	1,358	37,876	36,897
Additions	108	89	(13)	184	839
Disposals	0	0	0	0	0
Depreciation expense	0	2	2	4	(2)
Change in use	56	7	13	76	(5)
Plus increase / (decrease) in assets under construction	2,277	168	0	2,445	59
Change in fair value	2,572	141	38	2,751	88
Closing Balance	23,337	18,601	1,398	43,336	37,876

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.

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15. Investment properties (con't)

Three investment properties are valued using an income capitalisation valuation method. Capitalisation rates range from 6.00% - 6.6% (31 March 2023 : 6.20% - 6.5%) with weighted average lease terms of 2.1 years – 8.2 years (31 March 2023 : 1.1 years – 4.3 years). A 0.25% reduction in the capitalisation rate increases the fair value of the properties by \$0.5 million (31 March 2023 : \$1.2 million) and an 0.25% increase in the capitalisation rate decreases the fair value of the properties by \$0.4 million (31 March 2023 : \$1.1 million).

The Valuer reported, despite early predictions, the commercial property market has remained resilient and observed property transactions have shown a continued downward trend in investment yields, especially for those properties where long-term tenant occupation is secure. Longer term uncertainty remains for properties having

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.

16. Intangible assets

Movement in intangible assets

Opening balance
Plus additions
Less amortisation
Plus increase / (decrease) in assets under construction
Less disposals
Plus accumulated provision write back on disposal

Closing balance

Intangible assets are represented by:

	At cost \$000	Accum. amortisation \$000	Carrying amount \$000
Intangible assets - 31 March 2024			
Computer software	2,960	2,636	324
Assets under construction	224	-	224
Total Intangible assets	3,184	2,636	548

Intangible assets - 31 March 2023

Computer software	3,030	2,535	495
Assets under construction	61	-	61
Total Intangible assets	3,091	2,535	556

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.				

17. Investment in associates and joint ventures

Associate company

Name of entity	Activity
Nelson Electricity Limited	Distribution network owner & operator
<i>Ownership interest</i>	

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	543	1,059	0	0
Movement in NEL deferred tax	35	33	0	0
Income tax	(187)	(329)	0	0
Share of comprehensive income / (loss)	391	763	0	0

Total recognised revenues and expenses

Carrying value of associate

Opening balance at beginning of period	12,318	12,105	0	0
Share of recognised revenues and expenses	391	763	0	0
Dividends received	0	(550)	0	0
Closing balance at end of period	12,709	12,318	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.

Assets	18,404	18,214	0	0
Liabilities	5,695	5,895	0	0
Revenues	4,111	4,626	0	0
Surplus / (deficit)	391	763	0	0
Name of entity	Activity			
On Metering Limited	Meter deployment company	1,523	1,346	
<i>Ownership interest</i>		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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	2022	2021	2020	2019
Results of associate				
Share of surplus / (deficit) before income tax	12	5	0	0
Movement in deferred tax	0	0	0	0
Income tax	(12)	(5)	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
Reduction in Contributed Equity	(259)			
Increase in Share Capital	225			
Closing balance at end of period	225	259	0	0

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For the year ended 31 March 2024

Note	GROUP		PARENT	
	12 months	31	12 months	31
	March 2024	31 March 2023	March 2024	31 March 2023
	\$000	\$000	\$000	\$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.

Assets	690	619	0	0
Liabilities	489	435	0	0
Revenues	2,930	2,747	0	0
Surplus / (deficit)	0	0	0	0
Total carrying value of associates and joint ventures				
Nelson Electricity Limited	12,709	12,318	0	0
On Metering Limited	1,523	1,346	0	0
SmartCo Limited	225	259	0	0
Total	14,457	13,923	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

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	194,006	185,659
	0	0	251,191	242,844

NTT Investments Limited Shares

Share revaluation	0	0	7,273	7,329
	0	0	7,273	7,329

Total investments in subsidiaries

	0	0	258,464	250,173
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Both investments are carried at fair value.

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

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

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

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

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18. Investments in subsidiaries (con't)

Significant unobservable valuation inputs are provided below:

The following discount rates were used.

	Valuation Technique	Discount Rate (WACC)	Terminal value plus growth rate
Network Tasman Limited	DCF Method	4.57%	1%
NTT Investments Limited	DCF Method	7.65%	1%
Network Tasman Limited			
Growth rate	0.5% increase in the growth rate would result in an increase in fair value of 14.45% \$62,583,102		
	0.5% decrease in the growth rate would result in an decrease in fair value of 10.90% (\$47,206,418)		
WACC	1% increase in WACC would result in an decrease in fair value of 19.41% (\$84,106,382)		
	1% decrease in WACC would result in an increase in fair value of 34.52% \$149,548,595		
NTT Investments Limited			
Investment growth rate	1% increase in the investment growth rate would result in an increase in fair value of 14.65% \$416,992		
	1% decrease in the investment growth rate would result in an decrease in fair value of 10.82% (\$307,975)		
WACC	1% increase in WACC would result in an decrease in fair value of 11.31% (\$321,839)		
	1% decrease in WACC would result in an increase in fair value of 15.16% \$431,481		

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 activities 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.

19. Loans to joint ventures

Loan to On Metering Limited

Total financial assets held at fair value

On Metering Limited

Opening balance

Plus advances

Less repayments

Closing balance at end of period

Total financial assets held at fair value

Note	GROUP 12 months 31 March 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
	2,638	3,064	0	0
			0	0
	2,638	3,064	0	0
	3,064	3,489	0	0
	0	0	0	0
	(426)	(425)	0	0
			0	0
	2,638	3,064	0	0
	2,638	3,064	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

Asset Constructed by Transpower under a New Investment Agreement (Asset completed June 2019)

Total Cost \$000	Life of Asset	Annual Payment \$000
6,008	55 years	109

Expense for year

Opening prepayment
Additional expenditure
Payments for year
less expense for year

Total prepayment

Current prepayment
Non-current prepayment
other

21. Other investments

Term Deposits, Bonds & Debenture Stock
Property, plant & equipment intended for sale

Total other investments

Note	GROUP 12 months 31 March 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
	109	109	0	0
	109	109	0	0
	3,346	2,361	0	0
	0	(19)	0	0
	1,113	1,113	0	0
	(109)	(109)	0	0
	4,350	3,346	0	0
12	90	90	0	0
	4,260	3,256	0	0
	4,350	3,346	0	0
	6,700	8,656	0	0
13	0	0	0	0
	6,700	8,656	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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For the year ended 31 March 2024

Note	GROUP		PARENT	
	12 months March 2024	12 months 31 March 2023	12 months March 2024	12 months 31 March 2023
	\$000	\$000	\$000	\$000
22. Payables and accruals				
Current				
Trade payables and accruals	15,401	14,478	47	44
Tax Payable	469	986	0	0
Total current payables and accruals	15,870	15,464	47	44

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.

Consumer Distribution Liability Write off - Network Tasman Trust

A provision has been created for the unpresented cheques and each year the unpresented cheques from five years prior have been written off. These have been written off at year five as the trust has a policy that they will honour cheques up to five years. In the 2022 financial year only one cheque was presented. Given the low presentation of cheques, the Trustees have resolved to write off the balance on 31 March 2023 as any provision would be immaterial. Note, there were no cheques written post 2018.

ACCOUNTING POLICY

Trade and other payables

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

23. Provisions

Current

Employee entitlements	443	426	0	0
Sundry provisions	0	0	0	0
Total current provisions	443	426	0	0

Non-current

Employee entitlements	305	281	0	0
Total non-current provisions	305	281	0	0
Total Provisions	748	707	0	0

Provision for employee entitlements

Balance at beginning of period	707	639	0	0
Additional provisions made	446	416	0	0
Amount utilised	(405)	(348)	0	0
Balance at end of period	748	707	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 company's liability for non-vested long service and retiring leave entitlements.

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Note	GROUP		GROUP		PARENT		PARENT	
	12 months	31	12 months	31	12 months	31	12 months	31
	March 2024		March 2023		March 2024		March 2023	
	\$000		\$000		\$000		\$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 2024 \$000	31 March 2023 \$000
26 Sep 2026	6.85%	\$17 million	0	0
			0	0

b) Security

Westpac NZ 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

Bank of New Zealand Limited	17,000	10,000	0	0
Total	17,000	10,000	0	0

Network Tasman Trust & Subsidiaries

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For the year ended 31 March 2024

Note	GROUP 12 months 31 March 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
25. Deferred taxation				
Balance at beginning of period	33,950	32,723	0	0
Deferred tax on temporary differences	3,472	1,227	0	0
Balance at end of period	37,422	33,950	0	0

Analysis of temporary deferred tax differences

For the year ended 31 March 2024

	Fixed assets \$000	Provisions \$000	Prepayments \$000	Total \$000
Opening balance	33,178	(195)	967	33,950
Charge to income	3,202	(11)	281	3,472
Charge to equity	-	-	-	-
Closing balance	36,380	(206)	1,248	37,422

For the year ended 31 March 2023

	Fixed assets \$000	Provisions \$000	Leases \$000	Total \$000
Opening balance	32,238	(176)	661	32,723
Charge to income	940	(19)	306	1,227
Charge to equity	-	-	-	-
Closing balance	33,178	(195)	967	33,950

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 14 non-cancellable operating leases as lessor of land and buildings that comprise the investment property portfolio.

Analysis of operating leases

No later than one year	882	1,745	0	0
Later than one year and not later than five years	918	2,559	0	0
Later than five years	613	2,196	0	0
	2,413	6,500	0	0

The lease arrangements are renewed on a periodic basis as disclosed in the lessors' individual contracts. In 2024 rental income received from leases with non-cancellable operating lease arrangements amounted to \$2,461,000 (31 March 2023: \$2,252,000).

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Note	GROUP		PARENT	
	12 months 31 March 2024	12 months 31 March 2023	12 months 31 March 2024	12 months 31 March 2023
	\$000	\$000	\$000	\$000
27. Reconciliation of operating surplus to net cash flows from operating activities				
Total comprehensive income	6,361	7,955	6,322	7,996
Items not involving cash flows:				
Depreciation & amortisation	9,397	9,238	1	1
Asset impairment	1,363	0	0	0
Insurance proceeds	(17)	0	0	0
Movement in deferred taxation	3,472	1,227	0	0
Non cash customer contributions	(4,936)	(5,530)	0	0
Change in fair value	(2,751)	(88)	0	0
Equity accounted earnings from associate	(568)	(327)	0	0
Bad debts written off	28	42	0	0
(Gain) loss on sale of assets	921	1,140	0	0
Tax refund	3	17	3	17
RWT paid	0	0	0	0
Consumer distribution adjustment	0	(235)	0	(235)
Network Tasman share revaluation	0	0	(8,292)	(9,596)
	6,912	5,484	(8,287)	(9,813)
Movement in working capital:				
Increase (decrease) in non capital payables	184	(139)	(6)	(22)
Increase (decrease) in provisions	41	68	0	0
(Increase) decrease in non capital receivables and prepayments	(2,379)	(1,227)	0	(4)
(Increase) decrease in interest accrued	0	0	0	0
	(2,154)	(1,298)	(6)	(26)
Net cash flows from operating activities	11,119	12,141	(1,971)	(1,843)

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 2023: 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 2023: 100%).

Associate & joint venture companies

	Percentage owned by Network Tasman Limited	
	2024	2023
Nelson Electricity Limited		
On Metering Limited	50%	50%
SmartCo Limited	14%	14%

Network Tasman Trust & Subsidiaries

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For the year ended 31 March 2024

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 2024	GROUP 12 months 31 March 2023	PARENT 12 months 31 March 2024	PARENT 12 months 31 March 2023
	\$000	\$000	\$000	\$000
Transactions during the year				
<i>Charges from Network Tasman Limited to Nelson Electricity Limited</i>	1,368	1,538	0	0
<i>Charges from Nelson Electricity Limited to Network Tasman Limited</i>	4	5		
<i>Charges from Network Tasman Limited to On Metering Limited</i>	140	140	0	0
<i>Charges from On Metering Limited to Network Tasman Limited</i>	0	0	0	0
<i>Charges from Network Tasman Limited to SmartCo Limited</i>	3,142	3,067	0	0
<i>Charges from SmartCo Limited to Network Tasman Limited</i>	1,114	1,005	0	0
Outstanding balances at year end				
Balance due from Nelson Electricity Limited as at period end	156	150	0	0
Balance due to Nelson Electricity Limited as at period end	0	0	0	0
Balance due from On Metering Limited as at period end	130	130	0	0
Balance due to On Metering Limited as at period end	0	0	0	0
Balance due from SmartCo Limited as at period end	545	524	0	0
Balance due to SmartCo Limited as at period end	188	170	0	0

Network Tasman Limited received a dividend from Nelson Electricity (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 2023: Nil)

Key Management personnel compensation

Salaries and other short-term benefits	2,238	2,122	127	128
Post employment benefits	0	0	0	0
Other long term benefits	32	34	0	0
Termination benefits	0	0	0	0
Total key management personnel compensation	2,270	2,156	127	128

No post employment or termination benefits were paid during the year. (31 March 2023 : 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 2024 \$000	GROUP 12 months 31 March 2023 \$000	PARENT 12 months 31 March 2024 \$000	PARENT 12 months 31 March 2023 \$000
29. Related party information (con't)				
Transactions during the year				
<i>Charges from Network Tasman Limited to Nelson City Council</i>	400	116	0	0
<i>Charges from Nelson City Council to Network Tasman Limited</i>	66	18	0	0
<i>Charges from Network Tasman Limited to Nelmac Limited</i>	0	0	0	0
<i>Charges from Nelmac Limited to Network Tasman Limited</i>	38	0	0	0
<i>Charges from the Institute of Directors in New Zealand to Network Tasman Limited</i>	0	2	0	0
<i>Charges from Taylors Contracting Co Limited to Network Tasman Limited</i>	0	0	0	0
<i>Charges from Network Tasman Limited to Taylors Contracting Co Limited</i>	15	25	0	0
<i>Charges from ANSA Holdings Limited to Network Tasman Limited</i>	0	0	0	0
<i>Charges from Network Tasman Limited to the Cawthron Institute</i>	0	0	0	0
<i>Charges from Network Tasman Limited to Nelson Bays Primary Health</i>	0	789	0	0
Outstanding balances at year end				
Balance due to Nelmac Limited as at period end	10	0	0	0
Balance due from Nelson City Council as at period end	44	0	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 \$264,000 (31 March 2023: \$200,000) to the Network Tasman Charitable Trust to allow the Trust to make grants to Network Tasman Trust consumers and to maintain a loan fund cover.

NTT Investments Limited was established as a subsidiary of Network Tasman Trust as an investment company. The directors of the company are the same as the trustees of Network Tasman Trust. The balance of the advance to Network Tasman Trust as at 31 March 2023 was \$380,522 Debtor (31 March 2023: \$1,545,226 advance from Network Tasman Trust). During the year \$1,925,748 was repaid (31 March 2023: \$1,865,000) and no interest was charged (31 March 2023: \$0).

30. Financial risk management

a) Company - Network Tasman Limited

Credit risk

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

- Risk management

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

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

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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 2024	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
Expected loss rate	0.03%	0.16%	0.12%	0.32%	0.53%	
Carrying amount trade receivables	6,718	62	35	2	63	6,880
Loss allowance	2	-	-	-	0	2

31 March 2023	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
Expected loss rate	0.09%	0.44%	0.10%	0.61%	0.34%	
Carrying amount trade receivables	5,362	33	25	4	84	5,508
Loss allowance	5	0	0	0	0	5

Note

GROUP 12 months 31 March 2024	GROUP 12 months 31 March 2023	PARENT 12 months 31 March 2024	PARENT 12 months 31 March 2023
\$000	\$000	\$000	\$000
5	2	-	-
(32)	(40)	-	-
27	38	-	-
2	5	-	-
2	5	-	-

- Movement in loss allowance

Opening balance
Receivables written off during period
Unused amount reversed
Additional loss allowance recognised in income statement during the year

Closing balance

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

- Concentrations of credit risk

The company's significant customers are electricity retailers of which the largest 4 have 73% (31 March 2023: 73%) of total line charge sales. The credit risk is not considered to be high. Apart from advances of \$2.6 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 5.3% to 5.3% (31 March 2023: 4.36% to 4.55%).

- Interest rate sensitivity analysis

As at 31 March 2024 the weighted average term deposit interest rate was 5.3% (31 March 2023: 4.5%) If this rate changed by 1%, with all other things held constant, the surplus for the year would have not changed (31 March 2023: \$57,000).

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Notes to and forming part of the financial statements

For the year ended 31 March 2024

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 \$0.4 million (31 March 2023: \$6.1 million) of cash and short term deposits and holds \$15.3 million (31 March 2023: \$15.8million) of current liabilities. The current ratio is 0.7:1 (31 March 2023 1:1).

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

- Contractual maturities of financial liabilities

31 March 2024	Less than 12 months	12 months to 2 years	2 to 3 years	Total
Trade payables	15,401	-	-	15,401
	15,401	-	-	15,401

31 March 2023	Less than 12 months	12 months to 2 years	2 to 3 years	Total
Trade payables	14,478	-	-	14,478
Secured bank loans	-	-	-	-
	14,478	-	-	14,478

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 2023: 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 2023: 0%).

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

Note	GROUP		PARENT	
	12 months March 2024	31 March 2023	12 months March 2024	31 March 2023
	\$000	\$000	\$000	\$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:

Financial assets measured at amortised cost

Cash and cash equivalent	9	2,194	7,969	1,707	1,756
Other financial assets: term deposits and loans	10	0	0	0	0
Debtors and other receivables	11	6,887	5,503	9	3
Sundry receivables	12	148	362	0	0
Advance to associates and subsidiaries	14	0	0	0	1,545
Loans to joint ventures	19	2,638	3,064	0	0
Total financial assets measured at amortised cost		11,867	16,898	1,716	3,304

Financial liabilities measured at amortised cost

Trade payables and accruals	22	15,870	15,464	47	44
Advance from associates and subsidiaries	14	0	0	381	0
Secured bank loans	24	0	0	0	0
Total financial liabilities measured at amortised cost		15,870	15,464	428	44

Fair value financial assets

Other investments	21	6,700	8,656	0	0
Total fair value financial assets		6,700	8,656	0	0

Available for sale financial assets

Investment in subsidiaries	18	0	0	258,464	250,173
Total available for sale financial assets		0	0	258,464	250,173

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 2024 \$8.8 million (31 March 2023 : \$6.8 million). All capital commitments fall due within the next five years.

The Parent has no capital commitments (31 March 2023: nil).

33. Contingencies

As at 31 March 2023 there were no material contingent assets or liabilities for the Group or Parent (31 March 2023: nil).

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements

For the year ended 31 March 2024

34. Performance targets

The following financial and reliability performance targets for the 12 months ending 31 March 2024 are specified in Network Tasman Limited's Statement of Corporate Intent (SCI). Forecast results are compared to the performance targets below:

Financial performance targets

Total company:

Surplus before interest, tax, line discount and customer contributions
Operating surplus after tax and before customer contributions
Operating surplus to shareholders' funds

	Actual Result 2024	SCI Target 2024	Actual Result 2023
\$mil	23.1	21.4	22.9
\$mil	10.0	9.4	11.9
%	4.0%	3.8%	4.9%
\$	0	0	0
\$	350	328	304
\$mil	12.3	12.1	11.9

Line business only:

Total network costs per consumer
Cash operating costs per consumer
Line Charge Discounts (Excluding GST)

Reliability performance targets (excludes Transpower planned and unplanned outages)

Average duration of supply interruptions per connected consumer (SAIDI)
planned not to exceed -
Average duration of supply interruptions per connected consumer (SAIDI)
unplanned not to exceed -
Average number of supply interruptions per connected consumer (SAIFI) not to exceed -
Average duration of supply interruptions (CAIDI) not to exceed -
Faults per 100 km of line not to exceed -
% faults not restored within three hours not to exceed -

minutes	104	100	154
minutes	133	75	121
number	1.54	1.77	1.73
minutes	154	99	159
number	5.0	6.0	5.0
%	27%	20%	25%

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 of 132 was over the target of 75 for the 2023/24 year. A 33kV cable fault under the creek at Marsden Valley impacted the Marsden to Hope feeder, also tripping the Richmond, on 12 January 2023 resulted in widespread losses of supply to consumers in Richmond, Hope, Brightwater and Wakefield accumulating 44 SAIDI points. A further 17 SAIDI points resulted from a broken conductor on the 33kV line supplying the Takaka substation which interrupted supply to approximately 2,500 consumers on 9 February 2024.

Planned SAIDI of 106 was close to the target of 100 for the 2023/24 year.

SAIFI targets (the average number of interruptions experienced by consumers) were well under target during the year. Faults per 100km of line were within targets. These results reflect the good condition of the network and the good state of vegetation clearance.

For the 2023/24, NTL has reported two sets of SAIDI and SAIFI figures: those based on the methodology summarised above (existing methodology) and a second set where the effect of subsequent short duration outages are recorded (successive interruption methodology).

While both SAIDI and SAIFI were higher than the SCI targets, they were well within the Commerce Commission limits.

The percentage of faults not restored within three hours was significantly lower than 2022/23 but above target. A contributing factor was a high number of long duration feeder outages during the year.

Network Tasman Trust & Subsidiaries

Notes to and forming part of the financial statements
For the year ended 31 March 2024

34. Performance targets (cont'd)

Safety of electricity supply

Lost time injuries not to exceed -

	Actual Result 2024	SCI Target 2024	Actual Result 2023
number	1	0	1
Public safety and damage events			
Public Injury Events	0	0	0
Public Property Damage Events	0	0	0
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.



NMA Nelson Marlborough Audit Ltd

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 2024, 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 2024 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 2024.

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

5 July 2024