



New Zealand Gazette

OF THURSDAY, 20 JUNE 2002

WELLINGTON: MONDAY, 24 JUNE 2002 — ISSUE NO. 69

NETWORK TASMAN LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999
AND THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000 & 2001

NETWORK TASMAN LIMITED INFORMATION DISCLOSURE

Information Disclosure Disclaimer

The information disclosed has been prepared in accordance with and for the specific use intended in the Electricity Act and information disclosure regulations. No responsibility will be accepted for any third party that may use or rely on this report or any part thereof without the express written permission of Network Tasman Limited.

Except as allowed for by the Electricity Act 1992 and information disclosure regulations promulgated by the Act, neither the whole or any part of the information disclosed or any reference thereto may be included in any published document, circular or statement or published in any way without Network Tasman's written approval of the form and context in which it may appear.

The information disclosed is for the line business as described in the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000 & 2001. There are also additional activities of the company that are not required to be reported under the Regulations.

NetworkTasman

Network Tasman Limited


281 Queen Street
PO Box 3005
Richmond 7031
Nelson, New ZealandTel: 64-3-544 8098
Toll-free: 0800 508 098
Fax: 64-3-544 6066
website: www.networktasman.co.nz
email: info@networktasman.co.nz**IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 (AS AMENDED BY THE
ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT
REGULATIONS 2000 & 2001)****Reg. 32 (2)**

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER FOR THE YEAR ENDING 31 MARCH 2002.

We, Ian Francis Kearney and Christopher Ian Menzies Turner, directors of Network Tasman Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) The attached audited financial statements of Network Tasman Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Network Tasman Limited, and having been prepared for the purposes of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2001.

SIGNATURES OF DIRECTORS:
I.F. Kearney**Date: 31st May 2002**
C.I.M Turner**Date: 31st May 2002**



Audit New Zealand

REPORT OF THE AUDITOR GENERAL

AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF NETWORK TASMAN LIMITED FOR THE YEAR ENDED 31 MARCH 2002

We have audited the financial statements of Network Tasman Limited on pages 4 to 21. The financial statements provide information about the past financial performance of Network Tasman Limited and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out on pages 8 to 11.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Network Tasman Limited as at 31 March 2002, and the results of its operations and cash flows for the year then ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Regulation 31 of the Electricity (Information Disclosure) Regulations 1999 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Auditor-General has appointed Bede Kearney, of Audit New Zealand, to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements and performance information. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Network Tasman Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor, acting on behalf of the Auditor-General, we have no relationship with or interests in Network Tasman Limited.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion –

- proper accounting records have been kept by Network Tasman Limited as far as appears from our examination of those records; and
- the financial statements of Network Tasman Limited on pages 4 to 21:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of the financial position of Network Tasman Limited as at 31 March 2001 and the results of its operations and cash flows for the year then ended; and
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 7 June 2002 and our opinion is expressed as at that date.



B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

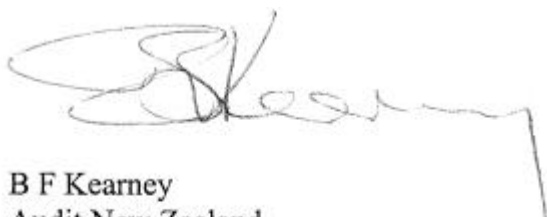
**AUDITOR- GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
NETWORK TASMAN LIMITED**

We have examined the information on pages 22 to 24, being –

- (a) the derivation table specified in regulation 16;
- (b) the annual ODV reconciliation report in regulation 16A;
- (c) the financial performance measures specified in clause 1 of Part 3 of the Schedule 1;
and
- (d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule 1, -

that were prepared by Network Tasman Limited and dated 31 March 2002 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.



B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
7 June 2002

Network Tasman Limited
Line Business Financial Statements

Statement of financial performance

For the year ended 31 March 2002

	Note	2002 \$000	2001 \$000
Total operating revenue	2, 3	23,270	27,199
Total operating expenses	4	(15,287)	(19,838)
Operating surplus before interest expense and income tax		7,983	7,361
Interest expense		(13)	(19)
Operating surplus before income tax		7,970	7,342
Income tax	5	(2,503)	(2,480)
Operating surplus after income tax	3	5,467	4,862

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

Network Tasman Limited
Line Business Financial Statements

Statement of movements in equity

For the year ended 31 March 2002

	Note	2002 \$000	2001 \$000
Total equity at beginning of year	7	81,545	80,029
Total recognised revenues and expenses			
Operating surplus after income tax		5,467	4,862
Movement in property, plant & equipment revaluation reserve		0	(737)
Adjustment to property, plant & equipment from previous year	10	(575)	0
Total recognised revenues and expenses for the year		<u>4,892</u>	<u>4,125</u>
Other movements			
Distributions to owners during the year	6	(1,497)	(2,100)
Transfer of land & buildings to "Other" business		(481)	(509)
		<u>(1,978)</u>	<u>(2,609)</u>
Total equity at end of year	7	<u>84,459</u>	<u>81,545</u>

Network Tasman Limited
Line Business Financial Statements

Statement of financial position

As at 31 March 2002

	Note	2002 \$000	2001 \$000
Current assets			
Cash and short term deposits		11,771	8,279
Receivables	9	2,517	3,146
Total current assets		<u>14,288</u>	<u>11,425</u>
Non-current assets			
Property, plant and equipment	10	72,586	72,620
Assets under construction		0	0
Deferred taxation	11	115	68
Total non-current assets		<u>72,701</u>	<u>72,688</u>
Total assets		<u>86,989</u>	<u>84,113</u>
Current liabilities			
Payables and provisions	12	2,388	2,438
Total current liabilities		<u>2,388</u>	<u>2,438</u>
Non-current liabilities			
Payables and provisions	12	142	130
Total non-current liabilities		<u>142</u>	<u>130</u>
Equity			
Attributable to shareholders of the company	7	84,459	81,545
Total equity		<u>84,459</u>	<u>81,545</u>
Total liabilities and equity		<u>86,989</u>	<u>84,113</u>

For and on behalf of the board:



IF Kearney
Chairman
31 May 2002



CIM Turner
Director
31 May 2002

Network Tasman Limited
Line Business Financial Statements

Statement of cash flows

For the year ended 31 March 2002

	Note	2002 \$000	2001 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		19,920	22,392
Interest income received		583	714
Capital contributions from consumers		0	0
		<u>20,503</u>	<u>23,106</u>
<i>Cash was applied to:</i>			
Payments to suppliers and employees		11,147	13,841
Interest expense paid		0	19
Income tax paid		2,020	3,254
		<u>13,167</u>	<u>17,114</u>
Net cash flows from operating activities	13	<u>7,336</u>	<u>5,992</u>
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Proceeds from sale of property, plant and equipment		10	4
		<u>10</u>	<u>4</u>
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		2,357	2,461
		<u>2,357</u>	<u>2,461</u>
Net cash flows from investing activities		<u>(2,347)</u>	<u>(2,457)</u>
Cash flows from financing activities			
<i>Cash was applied to:</i>			
Dividends paid		1,497	2,100
Repayment of term loans		0	0
		<u>1,497</u>	<u>2,100</u>
Net cash flows from financing activities		<u>(1,497)</u>	<u>(2,100)</u>
Net increase (decrease) in cash balances		<u>3,492</u>	<u>1,435</u>
Cash balances at beginning of year		8,279	6,844
Cash balances at end of year		<u>11,771</u>	<u>8,279</u>

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

Network Tasman Limited Line Business Financial Statements

Notes to and forming part of the financial statements
For the year ended 31 March 2002

1. Statement of significant accounting policies

Reporting entity

The reporting entity is Network Tasman Limited. Network Tasman Limited is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with, and for the purposes of, complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

Network Tasman Limited is a reporting entity for the purposes of the Financial Reporting Act 1993. The financial statements of Network Tasman Limited have been prepared pursuant to the Energy Companies Act 1992 and in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. The financial statements have been prepared on the basis of historical cost with the exception of distribution assets which are stated at valuation.

The financial statements comprise of statements of financial performance, movements in equity, financial position, cash flows and notes to these statements.

The assets and liabilities of Network Tasman Limited were vested from the Tasman Electric Power Board on 1 May 1993 in accordance with the Establishment Plan approved by the Governor General by Order of Council on 26 April 1993.

Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(a) Revenue recognition

Retailer-owned electricity meters are read on the basis of constant cycles each year. Line revenues include an estimated amount for accrued sales as at 31 March 2002.

(b) Property, plant and equipment

Recognition of property, plant and equipment

The company has the following classes of property, plant and equipment:

Distribution system assets

- Primary distribution assets
- Secondary distribution assets
- Substation assets
- Load control plant
- Streetlights
- Consumer connection assets

- Plant and equipment
- Computer equipment
- Motor vehicles

All owned items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant & 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 valuation as determined every three years by an independent registered valuer. 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).

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.

Revaluations

Distribution system assets are revalued every three years to fair value, or more regularly if necessary to ensure that no individual item of property, plant and equipment within a class is included at a valuation that is materially different from its fair value. Fair value is determined using optimised depreciated replacement cost. The distribution system assets were last revalued by an independent registered valuer as at 31 March 2001.

Any revaluation increment or decrement is recognised in the statement of movements in equity. If the revaluation results in a revaluation deficit, the revaluation deficit is recognised in the statement of financial performance. To the extent that a revaluation reverses a previous revaluation deficit that was recognised in the statement of financial performance, such revaluation increment is recognised in the statement of financial performance.

Disposal of property, plant and equipment

Where an item of property, plant and equipment is disposed of, the difference between net disposal proceeds and the carrying amount are recognised in the statement of financial performance.

Depreciation

Depreciation on items of property, plant and equipment is calculated to allocate the cost or revalued amount, less any residual value, over the item's useful life.

The depreciation methods and depreciation rates used are as follows:

Asset class	Depreciation method	Depreciation rates
Primary distribution assets	Straight line	1.43% - 3.66%
Secondary distribution assets	Straight line	1.33% - 10.31%
Substation assets	Straight line	2.22% - 14.58%
Load control plant	Straight line	5.00% - 36.39%
Streetlights	Straight line	1.67% - 2.55%
Consumer connection assets	Straight line	1.82% - 6.59%
Plant and equipment	Diminishing value	20%
Motor vehicles	Diminishing value	20%
Computer equipment	Diminishing value	48%

The depreciation rates on distribution system assets were reassessed for existing assets as at 1 April 2001 based on the assessed residual lives as determined in the calculation of the Optimised Depreciated Replacement Cost (ODRC).

New assets purchased from 1 April 2001 are assessed based on the standard useful lives as contained in the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses (4th edition) as issued by the Ministry of Economic Development and dated October 2000.

Pole structures, which have a physical life well in excess of the assessed residual life, have been re-assessed by the company's qualified engineers.

(c) Taxation

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting has been applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is recognised only if there is virtual certainty of realisation.

(d) Vested assets

Vested assets from consumers are credited to the statement of financial performance.

(e) Receivables

Receivables are stated at their estimated net realisable value. Bad debts are written off during the period in which they are identified.

(f) Financial instruments

The company estimates 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 statement of financial position.

Credit risk

The company places short term investments with only registered banks. The company has a credit 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.

Concentrations of credit risk

Network Tasman's customers are electricity retailers. The credit risk is not considered to be high. The company does not have any other significant concentrations of credit risk.

Interest rate risk

Short term investments mature within the range of on call to 180 days. The interest rates on these investments range from 4.60% to 5.60%.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments.

(h) Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include annual leave and long service leave. The provision is the estimated amount expected to be paid out by the company.

(i) Operating leases

Payments made under operating leases are recognised in the statement of financial performance on a basis representative of the pattern of benefits expected to be derived from the leased asset.

(j) Changes In accounting policies

Uniform accounting policies have been applied on a consistent basis with those of the previous year.

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	2002 \$000	2001 \$000
2. Operating revenue		
Operating revenue comprises:		
Line revenue (net of discounts)	19,549	22,995
Interest income	624	714
Other revenue	3,097	3,490
Total operating revenue	23,270	27,199
3. Continuing & discontinued operations		
Continuing operations		
Operating revenue	23,270	27,199
Net surplus	5,467	4,862
Discontinued operations		
Operating revenue	0	0
Net surplus	0	0
Totals		
Operating revenue	23,270	27,199
Net surplus	5,467	4,862
4. Operating expenses		
Operating expenses include:		
Audit fees	26	27
Bad debts written off	1	9
Depreciation of property, plant & equipment		
Freehold buildings	0	6
Primary distribution assets	86	63
Secondary distribution assets	2,079	1,893
Substation assets	196	261
Load control plant	122	94
Streetlights	4	13
Consumer connections	65	23
Plant and equipment	121	125
Computer equipment	257	153
Motor vehicles	11	10
Total depreciation of property, plant & equipment	2,941	2,641
Directors' fees	129	124
Donations	1	1
Change in provision for doubtful debts	2	(4)
Interest expense	13	19
Loss on sale of fixed assets	2	63
Other remuneration paid to auditor	0	0
Rental and operating lease costs	238	164

Network Tasman Limited **Line Business Financial Statements**

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	2002 \$000	2001 \$000
5. Income tax		
(a) Income tax expense		
Operating surplus before income tax	7,970	7,342
Permanent differences:		
Vested asset income reversal	(1,332)	(1,140)
Depreciation	1,182	1,026
Other permanent differences	(237)	(76)
	<u>(387)</u>	<u>(190)</u>
Taxable income	7,583	7,152
Tax expense @ 33%	2,503	2,360
Income tax (over) under provided in prior year	0	120
Total income tax expense	<u>2,503</u>	<u>2,480</u>
The income tax expense is represented by:		
Current taxation	2,550	2,435
Deferred taxation	(47)	45
	<u>2,503</u>	<u>2,480</u>
6. Dividends		
Distributions during the year:		
Dividends paid	1,497	2,100
Total distributions paid	<u>1,497</u>	<u>2,100</u>
7. Equity		
Ordinary shares fully paid	14,280	14,280
Property, plant & equipment revaluation reserve	47,158	47,158
Share premium reserve	1,938	1,938
Retained earnings	21,083	18,169
Total equity	<u>84,459</u>	<u>81,545</u>

Share premium reserve

The share premium reserve was created on 1 May 1993, recognising the difference between the share capital issued and the closing value of corporate ownership of the Tasman Electric Power Board at 30 April 1993.

Property, plant & equipment revaluation reserve

The property, plant and equipment revaluation reserve relates to the revaluation of the distribution system assets. The initial valuation was carried out at 31 March 1997 with a subsequent valuation at 31 March 2001.

As at 1 April 2001, the company's accounting asset register was reconstructed to a component level based on the ODRC asset register. The revaluation surpluses have been allocated to each asset component as required by FRS-3: *Property, Plant & Equipment*.

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	2002 \$000	2001 \$000
8. Retained earnings		
Retained earnings at beginning of year	18,169	15,916
Net surplus for the year	5,467	4,862
Adjustment to property, plant & equipment from previous year	(575)	0
Total available for appropriation	23,061	20,778
Dividends paid	(1,497)	(2,100)
Transfer of land & buildings to "Other" business	(481)	(509)
Retained earnings at end of year	21,083	18,169

9. Receivables

Current receivables

Trade receivables	2,431	2,791
Less doubtful debts	2	0
	2,429	2,791
Hire purchase receivables	0	0
Tax refund due	0	257
Prepayments	88	98
Total current receivables	2,517	3,146

10. Property, plant & equipment

	At cost	At valuation	Accum. depreciation	Carrying Amount
Property, plant & equipment - March 2002				
Primary distribution assets	198	2,589	86	2,701
Secondary distribution assets	2,761	60,793	2,079	61,475
Substation assets	358	5,109	196	5,271
Load control plant	292	810	122	980
Streetlights	0	169	4	165
Consumer connections	179	948	65	1,062
Plant and equipment	1,369	0	834	535
Computer equipment	1,788	0	1,436	352
Motor vehicles	144	0	99	45
Total	7,089	70,418	4,921	72,586

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	At cost	At valuation	Accum. depreciation	Carrying Amount
Property, plant & equipment - March 2001				
Freehold land	2	582	0	584
Freehold buildings	42	527	93	476
Primary distribution assets	0	2,589	0	2,589
Secondary distribution assets	0	60,793	0	60,793
Substation assets	0	5,109	0	5,109
Load control plant	0	810	0	810
Streetlights	0	169	0	169
Consumer connections	0	948	0	948
Plant and equipment	1,317	0	714	603
Computer equipment	1,691	0	1,208	483
Motor vehicles	144	0	88	56
Total	3,196	71,527	2,103	72,620

Valuation

The distribution system assets were last revalued as at 31 March 2001 to a net current value of \$70.418 million. The valuation to optimised depreciated replacement cost (ODRC) was carried out by independent valuers, PricewaterhouseCoopers and Meritec Limited. The valuation report is dated 25 May 2001. The valuation was undertaken in accordance with the methodology detailed in the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses (4th edition) as issued by the Ministry of Economic Development and dated October 2000.

Adjustment to property, plant & equipment

Land and buildings associated with the distribution system assets were included in both the optimised depreciated replacement cost valuation for distribution system assets and in the land and buildings category. An adjustment has been made to the land and buildings categories. Distribution system land and buildings are included in the substation assets category.

Review of useful lives of property, plant and equipment

Estimate of increase in depreciation charge following a review of useful lives

705

	2002 \$000	2001 \$000
11. Deferred taxation		
Balance at beginning of year	68	113
Deferred tax on timing differences	47	(45)
Balance at end of year	115	68

12. Payables and provisions

Current

Trade payables and accruals	1,723	2,185
Taxation payable	286	0
Employee entitlements	210	207
Dividend provision	0	0
Sundry provisions	169	46
Total current payables and provisions	2,388	2,438

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	2002 \$000	2001 \$000
Non-current		
Employee entitlements	142	130
Total non-current payables and provisions	142	130
Provision for employee entitlements		
Balance at beginning of year	337	261
Additional provisions made	222	222
Amount utilised	(184)	(115)
Provision reversed	(23)	(31)
Balance at end of year	352	337
Current	210	207
Non-current	142	130
	352	337

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

Sundry provisions		
Balance at beginning of year	46	174
Additional provisions made	139	10
Amount utilised	(9)	(3)
Provision reversed	(7)	(135)
Balance at end of year	169	46
Current	169	46
Non-current	0	0
	169	46

Sundry provisions relate to easements in progress and allowances for revenue wash-ups.

13. Reconciliation of operating surplus after income tax with net cash flows from operating activities

Operating surplus after income tax	5,467	4,862
Add (less) non-cash items and non-operating items:		
Depreciation	2,941	2,641
Movement in deferred taxation	(47)	45
Vested assets	(1,332)	(1,140)
Bad debts written-off	1	9
Change in provision for doubtful debts	2	(4)
(Gain) loss on sale of fixed assets	2	63
Movement in capital expenditure in creditors	(289)	202
	1,278	1,816
Movement in working capital:		
Increase (decrease) in payables and provisions	(324)	204
(Increase) decrease in receivables	372	(70)
Increase (decrease) in taxation payable	543	(820)
	591	(686)
Net cash flows from operating activities	7,336	5,992

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

2002	2001
\$000	\$000

14. Related parties

There were no related party transactions in relation to the following (2001: nil):

- Construction of subtransmission assets
- Construction of zone substations
- Construction of distribution lines and cables
- Construction of medium voltage switchgear
- Construction of distribution transformers
- Construction of distribution substations
- Construction of low voltage reticulation
- Construction of other system fixed assets
- Maintenance of assets
- Consumer connections and disconnections

Parent entity

The holding entity of the company is the Network Tasman Trust which holds 100% (2001: 100%) of the company's shares.

Refer to Note 6 for dividends paid to the holding entity.

Associate company

Network Tasman Limited has a 50% shareholding in Nelson Electricity Limited. Nelson Electricity Limited owns and operates the electricity distribution network in Nelson city.

Transmission costs charged by national grid operator Transpower NZ Limited for connection by Nelson Electricity Limited to the national grid are on-charged, at cost, by Network Tasman Limited to Nelson Electricity Limited.

Net transmission costs on-charged (1 April 2001 to 31 March 2002)	1,401
Balance due from Nelson Electricity Limited as at 31 March 2002	127

No related party debts have been written off or forgiven during the year.

15. Segmental Information

For reporting purposes the company operates predominantly in one industry - the distribution of electricity. The operations of the company are carried out in New Zealand and are therefore within one geographical segment for reporting purposes.

16. Commitments

Capital commitments

Capital commitments as at 31 March 2002 were \$181,763 (2001: \$nil).

Operating lease commitments

Lease commitments under non-cancellable operating leases are payable as follows:

Less than one year	254
Between one and two years	254
Between two and five years	763
Greater than five years	2,156

Total operating lease commitments

3,427

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

17. Contingencies

Network Tasman Limited issued court proceedings against Transpower New Zealand Limited in respect of the Output Connection Contract.

There is no adverse financial exposure to Network Tasman Limited except for associated legal costs.

As at 31 March 2002 there were no material contingent liabilities.

18. Comparative information

Certain comparatives have been restated to ensure consistent presentation with the current year.

19. Events occurring after balance date

The directors of Network Tasman Limited 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.

20. Mandatory specific disclosures

Items required to be separately listed in the financial statements as required under regulation 6 (1) of the Electricity (Information Disclosure) Regulations 1999 are as follows:

	2002 \$000	2001 \$000
1. Current assets		
(a) Cash & bank balances	132	9
(b) Short-term investments	11,639	8,270
(c) Inventories	0	0
(d) Accounts receivable	2,429	2,791
(e) Other receivables	0	257
(f) Prepayments	88	98
(g) Other current assets not listed in (a) to (f)	0	0
(h) Total current assets	14,288	11,425
2. Fixed assets		
(a) System fixed assets	71,654	70,418
(b) Consumer billing and information system assets	352	483
(c) Motor vehicles	45	56
(d) Office equipment	160	200
(e) Land and buildings	0	1,060
(f) Capital works under construction	0	0
(g) Other fixed assets not listed in (a) to (f)	375	403
(h) Total fixed assets	72,586	72,620
3. Other tangible assets not listed above	115	68
4. Total tangible assets	86,989	84,113

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	2002 \$000	2001 \$000
5. Intangible assets		
(a) Goodwill	0	0
(b) Other intangibles not listed in (a) above	0	0
(c) Total intangible assets	<u>0</u>	<u>0</u>
6. Total assets	86,989	84,113
7. Current liabilities		
(a) Bank overdraft	0	0
(b) Short-term borrowings	0	0
(c) Payables & accruals	1,723	2,185
(d) Accrued payroll	210	207
(e) Provision for dividend payable	0	0
(f) Provision for income tax	286	0
(g) Other current liabilities not listed in (a) to (f)	169	46
(h) Total current liabilities	<u>2,388</u>	<u>2,438</u>
8. Non-current Liabilities		
(a) Payables & accruals	142	130
(b) Borrowings	0	0
(c) Deferred tax	0	0
(d) Other non-current liabilities not listed in (a) to (c) above	0	0
(e) Total non-current liabilities	<u>142</u>	<u>130</u>
9. Equity		
(a) Shareholders' equity		
(i) Share capital	14,280	14,280
(ii) Retained earnings	21,083	18,169
(iii) Reserves	49,096	49,096
(iv) Total shareholders equity	<u>84,459</u>	<u>81,545</u>
(b) Minority interests in subsidiaries	0	0
(c) Total equity	<u>84,459</u>	<u>81,545</u>
(d) Capital notes	0	0
(e) Total capital funds	<u>84,459</u>	<u>81,545</u>
10. Total equity and liabilities	86,989	84,113
11. Operating revenue		
(a) Revenue from line/access charges	23,960	27,331
(b) Line charge discounts to consumers	(4,411)	(4,336)
(c) Revenue from "other" business for services carried out by the line business	0	0
(d) Interest on cash, bank balances and short-term investments	624	714
(e) AC loss rental rebates	1,760	2,336
(f) Other revenue not listed in (a) to (e)	1,337	1,154
(g) Total operating revenue	<u>23,270</u>	<u>27,199</u>

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	2002 \$000	2001 \$000
12. Operating expenditure		
(a) Payment for transmission charges	7,507	11,758
(b) Transfer payments to the "other" business for:		
(i) Asset maintenance	0	0
(ii) Consumer disconnections/reconnection services	0	0
(iii) Meter data	0	0
(iv) Consumer-based load control services	0	0
(v) Royalty and patent expenses	0	0
(vi) Avoided transmission charges on account of own generation	0	0
(vii) Other goods and services not listed in (i) to (vi) above	53	0
(viii) Total transfer payment to the "Other" business	53	0
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	1,878	2,587
(ii) Consumer disconnections/reconnection services	5	6
(iii) Meter data	0	0
(iv) Consumer-based load control services	1	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties	1,884	2,593
(d) Employee salaries, wages and redundancies	1,213	1,138
(e) Consumer billing and information system expense	96	65
(f) Depreciation on:		
(i) System fixed assets	2,552	2,347
(ii) Other assets not listed in (i)	389	294
(iii) Total depreciation	2,941	2,641
(g) Amortisation of:		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	355	250
(i) Human resource expenses	40	33
(j) Marketing/advertising	77	94
(k) Merger and acquisition expenses	0	0
(l) Takeover defence expenses	0	0
(m) Research and development expenses	0	0
(n) Consultancy and legal expenses	132	220
(o) Donations	1	1
(p) Directors' fees	129	124
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors	26	27
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by principal and other auditors	0	0
(iv) Total auditors' fees	26	27
(r) Costs of offering credit:		
(i) Bad debts written off	1	9
(ii) Increase in estimated doubtful debts	2	(4)
(iii) Total cost of offering credit	3	5
(s) Local authority rates expense	6	7
(t) AC loss-rentals rebates expense	728	547
(u) Rebates to consumers due to ownership interest	0	0
(v) Subvention payments	0	0
(w) Unusual expenses	0	0
(x) Other expenditure not listed in (a) to (w)	96	335
13. Total operating expenditure	15,287	19,838

Network Tasman Limited
Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2002

	2002 \$000	2001 \$000
14. Operating surplus before interest and income tax	7,983	7,361
15. Interest expense		
(a) Interest expense on borrowings	0	0
(b) Financing charges related to finance leases	0	0
(c) Other interest expense not listed in (a) or (b)	13	19
(d) Total interest expense	13	19
16. Operating surplus before income tax	7,970	7,342
17. Income tax	2,503	2,480
18. Net surplus after tax	5,467	4,862
19. Annual valuation reconciliation report		
System fixed assets at ODV - end of the previous financial year	70,418	86,988
Add system fixed assets acquired during the year at ODV	3,788	2,722
Less system fixed assets disposed of during the year at ODV	0	0
Less depreciation on system fixed assets at ODV	(2,552)	(2,562)
Add revaluations of system fixed assets	0	(16,730)
System fixed assets at ODV - end of the financial year	71,654	70,418

Schedule 1 - Part 7

Form for the Derivation of Financial Performance Measures from Financial Statements

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	7,983,045				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	7,983,045				
Interest on cash, bank balances, and short-term investments (ISTI)	623,750				
OSBIT minus ISTI	7,359,295	a	7,359,295		7,359,295
Net surplus after tax from financial statements	5,486,888				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	5,486,888	n		5,486,888	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	2,552,259				
Depreciation of SFA at ODV (y)	2,552,259	d	add	add	add
QDV depreciation adjustment	0	s ¹	deduct	deduct	deduct
Subvention payment tax adjustment	0	q			-201,818
Interest tax shield	-201,818	r			0
Revaluations	0				0
Income tax	2,502,570	p			2,502,570
Numerator			OSBIT ^{adj} = a + g + s + d 7,359,295	NSAT ^{adj} = n + g + s - s ¹ + d 5,486,888	SBIT ^{adj} = a + g - q + r + s + d - p - s ¹ 5,058,343
Fixed assets at end of previous financial year (FA ₀)	72,620,190				
Fixed assets at end of current financial year (FA ₁)	72,586,414				
Adjusted net working capital at end of previous financial year (ANWC ₀)	465,059				
Adjusted net working capital at end of current financial year (ANWC ₁)	301,667				
Average total funds employed (ATFE)	72,986,563 (or regulation 33 time-weighted average)	c	72,986,563		72,986,563
Total equity at end of previous financial year (TE ₀)	81,544,545				
Total equity at end of current financial year (TE ₁)	84,458,807				
Average total equity	83,001,576 (or regulation 33 time-weighted average)	k		83,001,576	
WUC at end of previous financial year (WUC ₀)	0				
WUC at end of current financial year (WUC ₁)	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct 0	deduct 0	deduct 0

Network Tasman Limited

Line Business Performance Measures

Performance Measures and Statistics

For the year ended 31 March 2001

	2002	2001	2000	1999
Financial performance measures				
(a) Return on Funds	10.08%	7.90%	5.47%	7.45%
(b) Return on Equity	6.59%	5.23%	3.61%	5.06%
(c) Return on Investment	6.93%	-13.97%	3.62%	4.57%
Return on Investment - as restated (excludes revaluation)		5.13%		
Efficiency performance measures				
(a) Direct Line Costs per Kilometre	\$934	\$1,181	\$993	\$1,092
(b) Indirect Line Costs per Consumer	\$38	\$39	\$41	\$86
Energy delivery efficiency performance measures and statistics				
1. Energy delivery efficiency performance measures				
(a) Load Factor	63.30%	65.28%	63.65%	63.91%
(b) Loss Ratio	3.39%	4.12%	5.01%	5.04%
(c) Capacity Utilisation	44.67%	43.24%	42.95%	34.62%
2. Statistics				
(a) System Length				
33 kV system	125.51	125.24	124.89	124.67
11 kV system	1989.13	1983.89	1977.04	1970.14
6.6 kV system	34.37	34.37	34.37	34.37
400 V system	972.70	978.42	977.46	972.02
Total Kilometres	3121.71	3121.92	3113.76	3101.20
(b) System Length - Overhead				
33 kV system	120.04	120.55	121.13	121.18
11 kV system	1867.89	1864.96	1863.08	1859.69
6.6 kV system	33.03	33.03	33.03	33.03
400 V system	604.88	626.19	638.21	643.90
Total Kilometres	2625.84	2644.73	2655.45	2657.80
(c) System Length - Underground				
33 kV system	5.47	4.69	3.76	3.49
11 kV system	121.24	118.93	113.96	110.45
6.6 kV system	1.34	1.34	1.34	1.34
400 V system	367.82	352.23	339.25	328.12
Total Kilometres	495.87	477.19	458.31	443.40
(d) Transformer Capacity (kVA)				
	276,450	272,605	271,270	314,717
(e) Maximum Demand (kW)				
	123,500	117,886	116,520	108,944

	2002	2001	2000	1999
(f) Total electricity entering the system (before losses) (kWh)	684,837,910	646,403,247	624,462,165	586,496,577
<i>(Comparative figures are for total electricity supplied from the system after losses of electricity)</i>				
(g) Total amount of electricity supplied from the system (after losses of electricity) on behalf of each person (kWh)				
Retailer A	286,066,967	318,775,514	18,489,649	15,032,189
Retailer B	6,774,941	15,607,381	9,503,102	103,261,877
Retailer C	931,754	8,813,481	53,538,368	293,098,776
Retailer D	165,792,163	140,099,112	389,318,020	174,863,015
Retailer E	187,190,919	10,223,036	151,458,083	59,350
Retailer F	13,127,997	178,900,081	2,154,944	181,370
Retailer G	39,774	105,660		
Generator 1	1,670,828	1,650,939	1,947,361	
Total	661,595,344	674,175,204	626,409,527	586,496,577
<i>(Comparative figures are for the total amount of electricity conveyed through the system before losses of electricity)</i>				

(h) Total Consumers	31,293	30,790	30,246	29,750
----------------------------	---------------	--------	--------	--------

Reliability performance measures to be disclosed by line owners

1. Total number of Interruptions

Class A Transpower Planned	3.00	4.00	2.00	6.00
Class B Line Owner Planned	80.00	138.00	185.00	162.00
Class C Line Owner Unplanned	84.00	112.00	124.00	140.00
Class D Transpower Unplanned	0.00	0.00	1.00	6.00
Total	167.00	254.00	312.00	314.00

2. Interruption Targets (next year)

	2002/03	2001/02	2000/01	1999/00
(a) Planned Interruptions by Line Owner (Class B)	120.00	160.00	180.00	172.00
(b) Unplanned Interruptions by Line Owner (Class C)	110.00	120.00	125.00	108.00

3. Average Interruption Targets (5 years)

	2003/07	2002/06	2001/05	2000/04
(a) Planned Interruptions by Line Owner (Class B)	110.00	124.00	140.00	130.00
(b) Unplanned Interruptions by Line Owner (Class C)	100.00	120.00	121.00	90.00

4. Fault Restoration Times (Class C) not restored within

(a) 3 hours	14%	13%	24%	20%
(b) 24 hours	0%	0%	0%	0%

5. Number of faults per 100km of prescribed voltage line

(a) Total number of faults	3.91	5.22	5.80	6.57
----------------------------	------	------	------	------

	2002/03	2001/02	2000/01	1999/00
(b) Number of faults targeted (next year)	6.00	6.00	6.00	5.00

	2003/07	2002/06	2001/05	2000/04
(c) Average number of faults targeted (5 years)	6.00	6.00	6.00	4.00

(d) Number of faults per nominal line voltages

Total number of faults

33 kV system	1.59	1.59	3.20	9.60
11 kV system	4.12	5.39	6.07	6.50
6.6 kV system	0.00	8.75	0.00	0.00

Number of faults targeted (next year)

	2002/03	2001/02	2000/01	1999/00
33 kV system	1.50	1.50	1.50	7.00
11 kV system	5.00	6.30	6.30	5.00

	2002	2001	2000	1999
6.6 kV system	0.00	0.00	0.00	0.00
Average number of faults targeted (5 years)	2003/07	2002/06	2001/05	2000/04
33 kV system	1.50	1.50	1.50	6.00
11 kV system	5.00	6.30	6.30	4.00
6.6 kV system	0.00	0.00	0.00	0.00
6. Number of faults per 100km of prescribed voltage underground line				
33 kV system	0.00	0.00	52.63	28.65
11 kV system	2.47	8.31	3.51	10.86
6.6 kV system	0.00	0.00	0.00	0.00
Total	2.34	7.86	5.04	11.28
7. Number of faults per 100km of prescribed voltage overhead line				
33 kV system	1.67	1.67	1.65	9.08
11 kV system	4.28	5.21	6.23	6.24
6.6 kV system	0.00	9.09	0.00	0.00
Total	4.06	5.06	5.85	6.31
8. SAIDI for the total number of interruptions	114.68	172.57	215.00	340.20
9. SAIDI targets (next year)	2002/03	2001/02	2000/01	1999/00
(a) Planned Interruptions by Line Owner (Class B)	35.00	40.00	75.00	86.00
(b) Unplanned Interruptions by Line Owner (Class C)	60.00	90.00	134.00	146.00
10. Average SAIDI targets (5 years)	2003/07	2002/06	2001/05	2000/04
(a) Planned Interruptions by Line Owner (Class B)	32.00	35.00	56.00	65.00
(b) Unplanned Interruptions by Line Owner (Class C)	55.00	77.00	111.80	122.00
11. Classification of SAIDI interruptions by Class				
Class A Transpower Planned	43.92	67.28	19.00	56.27
Class B Line Owner Planned	21.39	34.86	62.00	80.59
Class C Line Owner Unplanned	49.37	70.14	122.00	188.72
Class D Transpower Unplanned	0.00	0.29	12.00	14.62
Total	114.68	172.57	215.00	340.20
12. SAIFI for the total number of interruptions	1.14	1.92	2.94	4.51
13. SAIFI targets (next year)	2002/03	2001/02	2000/01	1999/00
(a) Planned Interruptions	0.25	0.29	0.54	0.61
(b) Unplanned Interruptions	1.33	1.50	2.23	2.43
14. Average SAIFI targets (5 years)	2003/07	2002/06	2001/05	2000/04
(a) Planned Interruptions by Line Owner (Class B)	0.23	0.25	0.40	0.00
(b) Unplanned Interruptions by Line Owner (Class C)	1.00	1.29	1.86	2.00
15. Classification of SAIFI interruptions by Class				
Class A Transpower Planned	0.14	0.23	0.05	0.22
Class B Line Owner Planned	0.13	0.29	0.65	0.57
Class C Line Owner Unplanned	0.87	1.34	2.01	3.22
Class D Transpower Unplanned	0.00	0.06	0.23	0.50
Total	1.14	1.92	2.94	4.51
16. CAIDI for the total number of interruptions	100.59	90.27	73.00	75.43

	2002	2001	2000	1999
17. CAIDI Targets (next year)	2002/03	2001/02	2000/01	1999/00
(a) Planned Interruptions	128.00	138.00	140.00	140.00
(b) Unplanned Interruptions	45.00	60.00	60.09	60.00
18. Average CAIDI targets (5 years)	2003/07	2002/06	2001/05	2000/04
(a) Planned Interruptions by Line Owner (Class B)	139.00	141.00	140.00	140.00
(b) Unplanned Interruptions by Line Owner (Class C)	55.00	60.00	59.97	60.00
19. Classification of CAIDI interruptions by Class				
Class A Transpower Planned	313.71	296.57	391.00	260.05
Class B Line Owner Planned	164.54	120.29	95.00	140.89
Class C Line Owner Unplanned	56.75	52.38	60.00	58.56
Class D Transpower Unplanned	0.00	5.10	54.00	29.27