



# New Zealand Gazette

OF THURSDAY, 17 OCTOBER 1996

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WELLINGTON: MONDAY, 21 OCTOBER 1996 — ISSUE NO. 153

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## NELSON ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994

**NELSON ELECTRICITY LIMITED****Line Business Statement of Financial Performance for the 12 months ended 31 March 1996**

	Notes	1996 \$000's	1995 \$000's
<b>INCOME</b>			
Interest received		117	37
Lease revenue and participation fee		1,988	1,792
		<u>2,105</u>	<u>1,829</u>
<b>EXPENSES</b>			
Administration services		36	35
Financial		167	158
Depreciation		423	418
		<u>626</u>	<u>611</u>
<b>SURPLUS BEFORE TAXATION</b>		1,479	1,218
Provision for taxation	2	487	420
<b>SURPLUS AFTER TAXATION</b>		<u>992</u>	<u>798</u>
Retained earnings at beginning of year		655	263
Total available for appropriation		<u>1,647</u>	<u>1,061</u>
Dividends paid		400	406
		<u>1,247</u>	<u>655</u>

**NELSON ELECTRICITY LIMITED****Line Business Statement of Financial Position as at 31 March 1996**

	Notes	1996 \$000's	1995 \$000's
<b>EQUITY</b>			
Share capital		5,000	5,000
Retained earnings		1,247	655
		<u>6,247</u>	<u>5,655</u>
 <i>Represented By</i>			
<b>CURRENT ASSETS</b>			
Bank and cash		200	567
Accounts receivable		598	411
Intercompany debtors		71	117
Investments		1,345	425
		<u>2,214</u>	<u>1,520</u>
 <b>CURRENT LIABILITIES</b>			
Creditors		102	253
Provision for taxation		2	62
		<u>104</u>	<u>315</u>
 <b>WORKING CAPITAL</b>			
		2,110	1,205
 <b>NON CURRENT ASSETS</b>			
Fixed assets	1	5,964	6,291
		<u>5,964</u>	<u>6,291</u>
 <b>NON CURRENT LIABILITIES</b>			
Deferred taxation	3	37	53
Term Loan		1,790	1,788
		<u>1,827</u>	<u>1,841</u>
<b>NET ASSETS</b>		<u>6,247</u>	<u>5,655</u>

## **NELSON ELECTRICITY LIMITED STATEMENT OF ACCOUNTING POLICIES**

### **REPORTING ENTITY**

The Nelson City Council corporatised its electrical distribution assets on 1 September 1993 in the name of Nelson Electricity Limited. The Nelson City Council sold its 100% shareholding in Nelson Electricity Limited on 19 June 1996.

As at 1 December 1991 the council leased the distribution assets to Citipower Limited (a fully owned subsidiary of Capital Power Limited) for a period of ten years. At the time of the formation of Nelson Electricity Limited the lease was transferred to the new company.

The balance date was changed from 30 June to 31 March to align with the Electricity (Information Disclosure) Regulations.

### **ACCOUNTING POLICIES**

#### **(1) Authority**

These financial statements have been prepared in accordance with regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

#### **(2) Measurement Base**

Reliance has been placed on the fact that Nelson Electricity Limited remains a going concern and that its funds will continue to be available to maintain operations. The measurement base adopted is historical cost.

#### **(3) Matching of Expenses and Revenue**

Accrual accounting has been employed in matching expenses and related revenue.

#### **(4) Line Business**

As the company is a line business with no energy trading activities, all costs, revenues, assets and liabilities have been allocated to the line business.

#### **(5) Depreciation**

Depreciation has been provided on all major assets, excluding land, on the following bases and at the following rates calculated.

Buildings	2% SL
Distribution System	4% SL

#### **(6) Financial Instruments**

The company is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank, accounts receivable and payable, investments and loans which have all been recognised in the financial statements.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

The following methods and assumptions were used to value each class of financial instrument.

Debtors are recorded at expected realisable value.

Investments are recorded at the lower of cost or market value.

All other financial instruments are recognised at their fair value.

**(7) Fixed Assets**

Land is stated at cost, all other assets are stated at cost less accumulated depreciation.

**(8) Taxation**

The taxation charge against the profit of the period is an estimated liability in respect of that profit after allowance for permanent differences.

The company follows the liability method of accounting for deferred taxation and applies this on the comprehensive basis. A debit balance in the deferred tax account arising from timing differences is recognised only where there is virtual certainty of realisation.

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes in the above accounting policies during the year.

**NELSON ELECTRICITY LIMITED****Notes to the Financial Statements for the year ended 31 March 1996**

		1996 \$000's	1995 \$000's
<b>(1) Fixed Assets</b>			
Distribution system	cost	10,592	10,496
	accumulated depreciation	4,734	4,314
	book value	<u>5,858</u>	<u>6,182</u>
Land	cost	15	15
Buildings	cost	144	144
	accumulated depreciation	53	50
	book value	<u>91</u>	<u>94</u>
Motor vehicles	cost	0	6
	accumulated depreciation	0	6
	book value	<u>0</u>	<u>0</u>
<b>TOTAL FIXED ASSETS</b>		<u><u>5,964</u></u>	<u><u>6,291</u></u>
<b>(2) Taxation</b>			
Surplus before taxation		1,479	1,218
Taxation at 33%		488	402
Plus permanent difference tax effect		20	18
Less prior year deferred tax adjustment		(21)	0
Tax expense per Statement of Financial Performance		<u>487</u>	<u>420</u>
Comprising:			
Current taxation		503	417
Deferred taxation		(16)	3
		<u>487</u>	<u>420</u>
<b>(3) Deferred Taxation</b>			
Balance 1/4/95		53	3
Deferred tax prior period		(21)	47
Deferred tax current period		5	3
Balance 31/3/96		<u>37</u>	<u>53</u>

**NELSON ELECTRICITY LIMITED****Disclosure of financial and efficiency performance measures pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.**

The financial measures pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994 have been derived from Nelson Electricity Limited accounts.

**FINANCIAL PERFORMANCE MEASURES**

	<b>1996</b>	<b>1995</b>
Accounting Return on Total Assets	10.7%	8.6%
Accounting Return on Equity	7.4%	5.8%
Accounting Rate of Profit	9.4%	5.8%

These financial performance measures were based on the adjusted line business financial statements, which incorporate the adjustments necessary to reflect the fixed assets at ODV. The ODV valuation was audited by Ernst & Young.

**EFFICIENCY PERFORMANCE MEASURES**

Citipower Limited leased the distribution system owned by Nelson Electricity Limited for the period under review. All information relating to efficiency performance is held by Citipower Limited who have undertaken to disclose this information.

**Disclosure of energy delivery efficiency performance measures and statistics pursuant to Regulation 15 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.**

Citipower Limited leased the distribution system owned by Nelson Electricity Limited for the period under review. All information relating to energy delivery on the distribution system is held by Citipower Limited who have undertaken to disclose this information.

**Disclosure of reliability performance measures pursuant to Regulation 15 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.**

Citipower Limited leased the distribution system owned by Nelson Electricity Limited for the period under review. All information relating to reliability performance is held by Citipower Limited who have undertaken to disclose this information.

**NELSON ELECTRICITY LIMITED****Electricity (Information Disclosure) Regulations 1994 - Regulation 26 (2)****Certification of financial statements and performance measures disclosed by  
Nelson Electricity Limited**

We, Eric Richard Peter and Kenneth John Forrest, directors of Nelson Electricity Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

- (a) The attached audited financial statements of Nelson Electricity Limited prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations, and
- (b) The attached information being financial performance measures in relation to Nelson Electricity Limited and having been prepared for the purposes of Regulations 13 and 14 of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those performance measures are based are as at 31 March 1995.

Director      Eric Richard Peter  
Date          16 September 1996

Director      Kenneth John Forrest  
Date          17 September 1996



## **NELSON ELECTRICITY LIMITED**

### **Certification by Auditor in Relation to ODV Valuation**

We have examined the valuation report prepared by Citipower Limited and dated 16 August 1995, which report contains valuations as at 31 March 1995 and identifies the ODV value of the system fixed assets at \$13,666,148.

We hereby certify that having made all reasonable inquiry, to the best of our knowledge, the valuations contained in the report in our opinion have been made in accordance with the ODV Handbook.

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994, and it is not to be used for any other purpose without our prior written consent.

Ernst & Young  
18 August 1995



**Audit New Zealand**

**CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS**

I have examined the attached financial statements prepared by Nelson Electricity Limited and dated 13 September 1996 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in black ink, appearing to read 'J L Palmer', enclosed within a large, flowing loop.

J L Palmer  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
16 September 1996



Audit New Zealand

### CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being -

- (a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and

and having been prepared by Nelson Electricity Limited and dated 13 September 1996 for the purposes of regulation 13 of those regulations.

I certify that, having made all reasonable enquiry, to the best of my knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

J L Palmer  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
16 September 1996



