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CITIPOWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

CITIPOWER LIMITED**STATEMENT OF FINANCIAL PERFORMANCE**
FOR THE YEAR ENDED 31 MARCH 1996

	Notes	LINE BUSINESS		ENERGY BUSINESS		TOTAL	
		31-Mar-96 \$000	31-Mar-95 \$000	31-Mar-96 \$000	31-Mar-95 \$000	31-Mar-96 \$000	31-Mar-95 \$000
Operating Income							
Sales of Electricity		6,693	6,529	6,564	6,316	13,257	12,845
Less: Cost of Electricity Sales							
Purchase of Electricity		1,769	2,107	6,390	5,436	8,159	7,543
GROSS SURPLUS ON ELECTRICITY TRADING		4,924	4,422	174	880	5,098	5,302
Other Income/(Loss) (Net)							
Miscellaneous Income/(Loss)	8	148	248	232	(28)	380	220
Interest Income		4	52	51	26	55	78
TOTAL OTHER INCOME/(LOSS)		152	300	283	(2)	435	298
Less: Expenses							
Operating Expenses		1,603	2,048	338	481	1,940	2,529
Interest on Loans		54	68	54	68	108	136
Depreciation		54	1	6	21	61	22
Audit Fees		9	9	9	9	18	18
Nelson City Council Lease Payments		762	799	-	-	762	799
Directors' Fees		11	11	10	10	21	21
Loss on Sale of Fixed Assets		12	-	1	6	13	6
Nelson City Council Participation Fee		1,192	1,014	-	-	1,192	1,014
Capital Power Limited Management Fee		1,216	905	202	150	1,418	1,055
TOTAL EXPENSES		4,913	4,855	620	745	5,533	5,600
NET SURPLUS BEFORE TAX		163	(133)	(163)	133	0	-
Less: Income Tax Expense/(Benefit)	9	54	-	(53)	2	1	2
NET SURPLUS/(DEFICIT) AFTER TAX		109	(133)	(110)	131	(1)	(2)
Retained Earnings at Beginning of Year		(133)	-	126	(5)	(7)	(5)
Retained Earnings at End of Year		(24)	(133)	16	126	(8)	(7)

The attached notes form an integral part of, and should be read in conjunction with, these financial statements.

CITIPOWER LIMITED**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 1996

	Notes	LINE BUSINESS		ENERGY BUSINESS		TOTAL	
		31-Mar-96 \$000	31-Mar-95 \$000	31-Mar-96 \$000	31-Mar-95 \$000	31-Mar-96 \$000	31-Mar-95 \$000
Corporate Ownership							
Share Capital	2	-	-	-	-	-	-
Retained Earnings		(24)	(133)	16	126	(8)	(7)
TOTAL CORPORATE OWNERSHIP		(24)	(133)	16	126	(8)	(7)
Current Liabilities							
Accounts Payable and Accruals	3	1,663	1,005	1,447	1,026	3,110	2,031
Advance from Capital Power Limited		500	500	500	500	1,000	1,000
TOTAL CURRENT LIABILITIES		2,163	1,505	1,947	1,526	4,110	3,031
TOTAL CORPORATE OWNERSHIP AND LIABILITIES		2,139	1,372	1,963	1,652	4,102	3,024
Current Assets							
Cash and Short Term Investments	4	184	(81)	786	538	970	457
Accounts Receivable	5	1,423	1,126	729	627	2,152	1,753
Stock and Work in Progress	6	217	227	39	28	256	255
Tax Refund		52	(150)	51	160	103	10
TOTAL CURRENT ASSETS		1,876	1,122	1,605	1,353	3,481	2,475
Non-Current Assets							
Fixed Assets	7	113	100	213	197	326	297
Deferred Income Tax Benefit	9	150	150	145	102	295	252
TOTAL NON-CURRENT ASSETS		263	250	358	299	621	549
TOTAL ASSETS		2,139	1,372	1,963	1,652	4,102	3,024

The attached notes form an integral part of, and should be read in conjunction with, these financial statements.

CITIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity and Statutory Base

- Citipower Limited is a company registered under the Companies Act 1993 and an energy company in terms of the Energy Companies Act 1992. Citipower Limited (the "Company") has a balance date of 31 March.
- The principal activity of the Company is that of electricity supply.
- The Company has a ten year lease of the distribution system from Nelson City Council from 1 December 1991.
- The financial statements of the Company have been prepared in accordance with Regulation 6 of the Electricity (information Disclosure) Regulations 1994.

Measurement Base

- The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Company.

Particular Accounting Policies

- The following Particular Accounting Policies which significantly affect the measurement of financial performance and financial position have been applied:

(a) Income Recognition

- Electricity sales represent customer usage during the financial period. Allowance has been made in the sales of electricity for unbilled sales (unread meters and unbilled line charges) as at balance date.

(b) Fixed Assets

- Historical cost is the purchase price paid to Nelson City Council per the independent valuations undertaken by Duke & Cooke Limited for Land and Buildings and Darroch & Co Limited for Plant and Equipment.
- Depreciation is provided on a straight line and diminishing value basis on all tangible fixed assets other than freehold land, at rates calculated to allocate the assets' cost over their estimated useful lives.

Major depreciation periods are:

Freehold Building	40 years
Plant and Equipment	10% DV
Motor Vehicles	20% DV
Furniture and Fittings	20% DV
Motor Vehicles	20% DV

- Fixed assets purchased after 16 December 1991 have an extra 25% loading.

(c) Accounts Receivable

- Accounts receivable have been valued at estimated net realisable value after providing for doubtful debts.

(d) Stocks and Work in Progress

- Stocks and work in progress are valued at the lower of cost (determined on a FIFO basis) or net realisable value.

(e) Investments

- Investments have been valued at cost.

(f) Income Tax

- The income tax expense for the year is the estimated liability in respect of any assessable income, after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Company follows the liability method of accounting for deferred tax. Future tax benefits attributable to losses carried forward or timing differences are recognised in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised by the Company.

(g) Operating Lease Payments

- Where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, lease charges are expensed in the period in which they are incurred. In the case of the lease of Nelson City Council's distribution system, the cost of improvements to leasehold distribution equipment is partially recoverable from the lessor as betterment, in accordance with the terms of the lease agreement. The balance is expensed in the Statement of Financial Performance.
- The cost of improvements to leasehold property are capitalised (except costs to improve the distribution system, which is charged to the Nelson City Council as betterment) and are disclosed as leasehold improvements and amortised over the unexpired period of the lease or the estimated useful life of the improvements whichever is shorter.

(h) Financial Instruments

- The Company is party to financial instrument arrangements as part of its everyday operations, which have been recognised in these financial statements. There are no off-balance sheet exposures. These financial instruments include cash and bank, accounts receivable, short term investments and accounts payable and accruals.
- Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Changes in Accounting Policies

- There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

CITIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS ... continued

	LINE BUSINESS		ENERGY BUSINESS		TOTAL	
	31-Mar-96	31-Mar-95	31-Mar-96	31-Mar-95	31-Mar-96	31-Mar-95
	\$	\$	\$	\$	\$	\$
2 SHARE CAPITAL						
Paid Up Capital of 100 Ordinary Shares	-	-	-	100	100	100
TOTAL SHARE CAPITAL	-	-	-	100	100	100
Shareholders						
Capital Power Limited	-	-	100	99	100	99
Wellington City Council	-	-	-	1	-	1
	-	-	100	100	100	100
	LINE BUSINESS		ENERGY BUSINESS		TOTAL	
	31-Mar-96	31-Mar-95	31-Mar-96	31-Mar-95	31-Mar-96	31-Mar-95
	\$000	\$000	\$000	\$000	\$000	\$000
3 ACCOUNTS PAYABLE AND ACCRUALS						
Consumer Deposits	-	-	32	48	32	48
Trade Creditors	513	387	1,320	978	1,833	1,365
Nelson City Council Participation Fee Payable	575	251	-	-	575	251
Capital Power Limited Management Fee Payable	575	367	95	-	670	367
TOTAL ACCOUNTS PAYABLE AND ACCRUALS	1,663	1,005	1,447	1,026	3,110	2,031
4 CASH AND SHORT TERM INVESTMENTS						
Cash and Short Term Investments are held with banks in New Zealand						
Cash	-	(372)	-	389	-	17
Short Term Investments	184	291	786	149	970	440
TOTAL CASH AND SHORT TERM INVESTMENTS	184	(81)	786	538	970	457
5 ACCOUNTS RECEIVABLE						
Trade Debtors	811	714	878	773	1,689	1,487
Sundry Debtors	296	154	36	19	332	173
Other	678	698	-	-	678	698
	1,785	1,566	914	792	2,699	2,358
Less: Provision for Doubtful Debts	362	440	185	165	547	605
TOTAL ACCOUNTS RECEIVABLE	1,423	1,126	729	627	2,152	1,753
6 STOCK AND WORK IN PROGRESS						
Trading Stock	217	227	62	65	279	292
Less: Obsolescence Provision	-	-	23	37	23	37
TOTAL STOCK AND WORK IN PROGRESS	217	227	39	28	256	255
7 FIXED ASSETS						
Buildings	-	-	87	87	87	87
Less: Accumulated Depreciation	-	-	3	3	3	3
	-	-	84	84	84	84
Motor Vehicles, Plant and Equipment	213	176	223	184	436	360
Less: Accumulated Depreciation	100	76	94	71	194	147
	113	100	129	113	242	213
TOTAL FIXED ASSETS	113	100	213	197	326	297

CITIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS ... continued

	LINE BUSINESS		ENERGY BUSINESS		TOTAL	
	31-Mar-96 \$000	31-Mar-95 \$000	31-Mar-96 \$000	31-Mar-95 \$000	31-Mar-96 \$000	31-Mar-95 \$000
8 MISCELLANEOUS INCOME/(LOSS)						
Gross Profit on Appliance Trading	-	-	22	31	22	31
Other Miscellaneous Income/(Loss)	148	248	210	(59)	358	189
TOTAL MISCELLANEOUS INCOME/(LOSS)	148	248	232	(28)	380	220
9 INCOME TAX EXPENSE/(BENEFIT)						
The Income Tax Expense/(Benefit) has been calculated as follows:						
Prima Facie Income Tax Expense/(Benefit) at 33% of Net Surplus before Tax	54	-	(54)	-	-	-
Increase/(Decrease) in Income Tax Expense/(Benefit) due to:-						
Non-Deductible Expenses	-	-	1	2	1	2
	-	-	1	2	1	2
TOTAL INCOME TAX EXPENSE/(BENEFIT)	54	-	(53)	2	1	2
Income Tax Expense Comprises:						
Current Tax	54	150	(10)	4	44	154
Deferred Income Tax	-	(150)	(43)	(2)	(43)	(152)
TOTAL INCOME TAX EXPENSE/(BENEFIT)	54	-	(53)	2	1	2
There are no income tax losses or unrecognised timing differences carried forward.						
DEFERRED INCOME TAX BENEFIT						
Balance at the Beginning of the Year	150	-	102	100	252	100
Transferred to Statement of Financial Performance	-	150	43	2	43	152
BALANCE AT THE END OF THE YEAR	150	150	145	102	295	252
10 COMMITMENTS						
Capital Commitments	-	-	-	-	-	-
Operating Lease Commitments						
Not Later Than One Year	752	805	42	45	794	850
Later Than One Year But Not Later Than Two Years	777	777	17	17	794	794
Later Than Two Years But Not Later Than Five Years	2,330	2,330	51	51	2,381	2,381
Later Than Five Years	625	651	156	162	781	813
TOTAL COMMITMENTS	4,484	4,563	266	275	4,750	4,838
11 CONTINGENT LIABILITIES						
The participation fee paid to Nelson City Council is treated as fully tax deductible. If the payment was treated as non-deductible for tax purposes the tax liability for Citipower Limited would increase by approximately \$1,324,000 (1995: \$931,000)	1,324	931	-	-	1,324	931
TOTAL CONTINGENT LIABILITIES	1,324	931	-	-	1,324	931

CITIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS ... continued

12 RELATED PARTY TRANSACTIONS

There is an advance from Capital Power Limited of \$1,000,000 (1995: \$1,000,000) to complete the purchase of non-distribution assets from Nelson City Council. Capital Power Limited charges the Company interest on the advance at the 30 day Bank Bill Rate plus two percent. The total interest charge was \$107,528 (1995: \$136,186).

Capital Power Limited provided accounting and computer services to the Company on an arms length basis. The term of the agreement extends to 30 June 1996.

The management fee totals \$1,418,362 (1995:\$1,055,000). The Company owes Capital Power Limited \$669,996 (1995: \$367,000) for management fees and sundry charges.

The Company paid Nelson City Council \$762,216 (1995: \$799,478) for lease payments for leasing the distribution system.

The Company paid Nelson City Council \$617,856 and owes \$574,578 (1995: \$1,014,000) for participation fees. This is for management services and the right for the Company to manage the distribution system in their own right.

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

13 FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially subject the Company to credit risk principally consist of Cash and Bank Balances, Accounts Receivable and Short Term Investments.

The Company performs credit evaluations on customers where possible and generally requires a bond. The Company continuously monitors the credit quality of the major financial institutions that are counter parties to its Short Term Investments and does not anticipate non-performance by counter parties.

The maximum exposures discussed below are net of any recognised provision for losses on these financial instruments.

Concentrations of Credit Risk

The Company is not exposed to any concentrations of credit risk.

Currency Risk

The Company is not involved in foreign exchange trading and has no exposure to foreign currency risk.

Interest Rate Risk

There are no interest rate options or interest rate swap agreements in place as at balance date.

Fair Values

The estimated fair values of all financial instruments are the same as the carrying values disclosed in these financial statements.

Credit Facility

The Company did not have a bank overdraft facility as at balance date (1995: \$0).

14 SEGMENTAL REPORTING

The Company operates in the electricity distribution industry in the Nelson region. No segmental reporting is therefore required.

15 EVENT SUBSEQUENT TO BALANCE DATE

On 22 June 1996 the shareholding of the Company changed from 100% ownership by Capital Power Limited to 49% Capital Power Limited and 51% Capital City Investments Limited.

CITIPOWER LIMITED***ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994 REGULATION
14A (2)*****Total Value of Line Business**

The Nelson Electricity Limited Line Business Valuation in the certified report dated 16 August 1994 was \$13.666 million.

The above information is disclosed by Citipower Limited who lease the line assets from the line owner Nelson Electricity Limited.

Any disclosed information should be read in conjunction with that disclosed by Nelson Electricity Limited.

CITIPOWER LIMITED

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.

Energy Delivery Efficiency Performance Measures: Period : 1 April 1995 - 31 March 1996

			1995/6	1994/5
Load Factor:				
	$\frac{a}{b \times c} \times 100$	$\frac{1}{1}$	= 57.5%	56.8%
Loss Ratio:				
	$\frac{a}{b} \times 100$	$\frac{1}{1}$	= 5.0%	5.5%
Capacity Utilisation:				
	$\frac{a}{b} \times 100$	$\frac{1}{1}$	= 39.1%	40.7%

Statistics - Period : 1 April 1995 - 31 March 1996

	Kilometres	1994/5 Kilometres
	33kV	
System length breakdown	22.5	12.1
Underground circuit length	12.6	9.9
Overhead circuit length	9.9	2.1
	11kV	
System length breakdown	79.0	78.5
Underground circuit length	67.8	67.3
Overhead circuit length	11.2	11.2
	400V	
System length breakdown	114.3	114.1
Underground circuit length	89.9	84.6
Overhead circuit length	27.3	27.4
	Total	
System length breakdown	215.8	204.7
Underground circuit length	167.3	161.9
Overhead circuit length	48.5	42.7
Transformer capacity	71,820	66,815 kVA
Maximum demand	28,100	27,200 kilowatts
Total electricity supplied	141,566,178	135,441,303 kilowatt-hours
Total electricity conveyed for non-associated parties	0	0 kilowatt-hours
Total customers	8,322	8,242

CITIPOWER LIMITED

Disclosure of Reliability Performance Measures Pursuant to Regulation 16 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1998

Reliability Performance Measures Period : 1 April 1995 - 31 March 1996

Note: Interruption duration factor is sum of customers affected by time of interruption (in minutes).

Total Number of interruptions (above 3.3kV)			Duration Factor	Customers affected	1994/5
Planned interruption by Trans Power	Class A	0	0	0	0
Planned interruption by Capital Power	Class B	9	35,295	364	13
Unplanned interruption within Capital Power Network	Class C	7	409,973	25,501	3
Unplanned interruption by Trans Power	Class D	0	0	95,234	4
Unplanned interruption in generation by EGNZ	Class E	0	0	0	0
Unplanned interruption by other generator	Class F	0	0	0	0
Other interruptions	Class G	0	0	0	0
Total		16	445,268	25,865	16

Total number of faults per 100 circuit kilometres of prescribed voltage electric line			Total	per 100km	1994/5
	33kV	1	4.44		0.00
	11kV	4	5.06		3.82
	Sum	5	4.92		3.82

Total number of faults per 100 circuit kilometres underground, by prescribed voltage			Total	per 100km	1994/5
	33kV	1	7.94		0.00
	11kV	3	4.43		1.48
	Sum	4	4.96		1.48

Total number of faults per 100 circuit kilometres overhead, by prescribed voltage			Total	per 100km	1994/5
	33kV	0	0.0		0.00
	11kV	1	8.9		17.8
	Sum	1	4.72		17.78

CITIPOWER LIMITED

<i>(interruption duration factor for all interruptions / total customers)</i>		SAIDI	
<i>SAIDI by interruption class (minutes)</i>	Class A	0.00	
	Class B	4.24	
	Class C	49.26	
	Class D	0.00	
	Class E	0.00	
	Class F	0.00	
	Class G	0.00	
	Total	53.50	

0.00
3.49
11.95
0.00
0.00
0.00
0.00
15.44

<i>(sum affected customers / total number of customers)</i>		SAIFI	
<i>SAIFI by interruption class (proportion of customers affected)</i>	Class A	0.00	
	Class B	0.04	
	Class C	3.06	
	Class D	0.00	
	Class E	0.00	
	Class F	0.00	
	Class G	0.00	
	Total	3.11	

0.00
0.04
0.11
0.00
0.00
0.00
0.00
0.15

<i>(total duration factors / sum customers affected)</i>		CAIDI	
<i>CAIDI by interruption class (minutes/customer affected)</i>	Class A	N.A.	
	Class B	96.96	
	Class C	16.08	
	Class D	N.A.	
	Class E	N.A.	
	Class F	N.A.	
	Class G	N.A.	
	Total	17.22	

N.A.
N.A.
98.82
N.A.
N.A.
N.A.
N.A.
98.82

15.19756339

CITIPOWER LIMITED***Electricity (Information Disclosure) Regulations 1994 Regulation 26(2)*****Certification of Financial Statements, Performance Measures and Statistics
Disclosed by Citipower Limited**

We, P Blades and G W Holden, directors of Citipower Limited certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Citipower 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 energy delivery efficiency performance measures, statistics, and reliability performance in relation to Citipower Limited and having been prepared for the purposes of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those performance measures are based are as at 30 June 1994.

Director P Blades
Date 30 August 1996

Director G R Holden
Date 30 August 1996



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

We have examined the attached financial statements prepared by Citipower Limited and dated 30 August 1996 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

We hereby certify that, having made all reasonable enquiry, to the best of our 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.

C R Fabling
Audit New Zealand
On behalf of the Controller and Auditor-General

Wellington, New Zealand

30 August 1996



