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## NELSON ELECTRICITY LIMITED

### INFORMATION FOR DISCLOSURE

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

**NELSON ELECTRICITY LIMITED****Statement of Financial Performance for the 12 Months Ended 31 March 2002**

	Notes	2002 Line Business \$000	2001 Line Business \$000
<b><u>INCOME</u></b>			
Interest received		78	560
Network revenue		6784	7503
Other income		564	564
		<u>7426</u>	<u>8627</u>
<b><u>EXPENDITURE</u></b>			
Operations and maintenance		450	665
Transmission charges		1684	3051
Directors fees		45	38
Audit fees		10	10
Other administration		351	200
Interest expense		63	140
Depreciation		606	422
Amortisation of lease buy-out	8,14	611	919
		<u>3820</u>	<u>5445</u>
<b><u>SURPLUS BEFORE TAXATION</u></b>		3606	3182
Provision for Taxation	3	1522	1389
<b><u>SURPLUS AFTER TAXATION</u></b>		<u>2084</u>	<u>1793</u>

**Statement of Movements in Equity for the Year Ended 31 March 2002**

	2002 Line Business \$000	2001 Line Business \$000
<b><u>Equity at Beginning of Year</u></b>	3,323	5,080
<b><u>Surplus and Revaluations</u></b>		
Revaluations	11,219	
Net Surplus for Period	2,084	1,793
Total Recognised Revenues and Expenses	<u>13,303</u>	<u>1,793</u>
<b><u>Other Movements</u></b>		
Distributions to Owners	(2,200)	150
Share Repurchase		(3,700)
Total Other Movements	<u>(2,200)</u>	<u>(3,550)</u>
<b><u>Equity at End of Year</u></b>	<u>14,426</u>	<u>3,323</u>

*The Accompanying Notes form an Integral part of These Financial Statements*

**NELSON ELECTRICITY LIMITED****Statement of Financial Position as at 31 March 2002**

		2002 Line Business \$000	2001 Line Business \$000
<b><u>EQUITY</u></b>			
Share Capital	5	1	1
Revaluation Reserves	7	11219	
Pre Acquisition Reserves		1291	1291
Retained Earnings	6	1915	2031
		<u>14426</u>	<u>3323</u>
 <b><i>Represented by</i></b>			
<b><u>CURRENT ASSETS</u></b>			
Bank and Cash		774	86
Accounts Receivable		542	660
Tax Refund Due		66	44
Inventories		102	81
		<u>1484</u>	<u>871</u>
 <b><u>CURRENT LIABILITIES</u></b>			
Creditors and accruals		389	545
		<u>389</u>	<u>545</u>
<b>Working Capital</b>		1,095	326
 <b><u>NON CURRENT ASSETS</u></b>			
Lease buy-out	8		611
Fixed Assets	8	14489	3443
		<u>14489</u>	<u>4054</u>
 <b><u>NON CURRENT LIABILITIES</u></b>			
Deferred Taxation	4	158	57
Term Loans	9	1000	1000
		<u>1158</u>	<u>1057</u>
<b>NET ASSETS</b>		<u>14426</u>	<u>3323</u>

*The Accompanying Notes form an Integral part of These Financial Statements*

**NELSON ELECTRICITY LIMITED****Statement of Cash Flows for the Year Ended 31 March 2002**

	2002 Line Business	2001 Line Business
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
<b>Cash was Provided From</b>		
Receipts from Customers	6,960	7,607
Interest Received	78	560
	<u>7,038</u>	<u>8,167</u>
<b>Cash was Applied to</b>		
Payments to Suppliers	(2,313)	(3,330)
Interest Paid	(62)	(159)
Net GST Paid	12	(10)
Taxation Paid	(1,443)	(1,478)
	<u>(3,806)</u>	<u>(4,977)</u>
Net Cash Flow From Operating Activities	<u>3,232</u>	<u>3,190</u>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
<b>Cash was Provided From</b>		
Proceeds From Sale of Fixed Assets	2	1
<b>Cash was Applied to</b>		
Buy-Out of Network Lease		
Purchase of Fixed Assets	(346)	(511)
Net Cash Flow From Investing Activities	<u>(344)</u>	<u>(510)</u>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
<b>Cash was Applied to</b>		
Settlement Of Term Debt		(798)
Share Repurchase		(3,700)
Payment of Dividends	(2,200)	150
Net Cash Flow From Financing Activities	<u>(2,200)</u>	<u>(4,348)</u>
Net Increase in Cash Held	688	(1,668)
Opening Cash Bought Forward	86	1,754
<b>Cash Balance at End of Year</b>	<u>774</u>	<u>86</u>
<b><u>Reconciliation of Surplus After Taxation With Cash Flow From Operating Activities</u></b>		
<b>Net Surplus After Taxation</b>	2,084	1,793
<b><u>Add/(Less) Non Cash Items</u></b>		
Depreciation	606	422
Amortisation of Lease Buy-out	611	919
Movement in Deferred Taxation	101	(2)
	<u>1,318</u>	<u>1,339</u>
<b><u>Add/(Less) Movements in Working Capital</u></b>		
(Increase)/Decrease in Receivables	118	85
(Increase)/Decrease in Inventories	(21)	(5)
Increase/(Decrease) in Creditors and Accruals	(156)	47
Increase/(Decrease) in Taxation	(21)	(88)
	<u>(80)</u>	<u>39</u>
<b><u>Less Items Classified as Investing activities</u></b>		
New Land Vested	(93)	
Capital Expenditure in Creditors (net movement)	3	19
<b>Net cash Flow from Operating Activities</b>	<u>3,232</u>	<u>3,190</u>

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year to 31 March 2002*

**Statement of Accounting Policies**

**1. Entity Statement**

Nelson Electricity Limited is a public company registered under the Companies Act 1993 and a reporting entity for the purposes of the Financial reporting Act 1993

Nelson Electricity owns the electricity distribution network which serves the central Nelson City area. The distribution network assets were leased to Citipower Ltd between December 1991 and March 1999. As a result of restructuring required in accord with the Energy Industry Reform Act the lease was terminated on 1 April 1999.

**2. Accounting Policies**

**2.1 Authority**

These financial statements have been prepared for the sole purpose of complying with the requirements of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999. The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historic cost basis have been followed in the preparation of these financial statements.

**2.2 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 that of historical cost with the exception of certain items for which specific accounting policies are disclosed.

**2.3 Matching of Expenses and Revenue**

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

**2.4 Depreciation**

depreciation has been provided on all major assets, excluding land, at the following rates.

Buildings	2% SL
Distribution System	1.43% to 6.67% SL
Plant and Equipment	14.4% - 60% SL

**2.5 Taxation**

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

**2.6 Financial Instruments**

The company is party to financial instruments as part of its every day operations. These financial instruments include cash and bank deposits, accounts receivable and payable, and loans which have been recognised in the statement of financial position.

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

Except for loans, which are recorded at cost and those items covered by a separate accounting policy all financial instruments are shown at their estimated fair value.

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2002**

**2.7 Fixed Assets**

Land assets were revalued as at 31 July 2001 in accord with values provided by Mr Tony Gowans, FNZIV of Telfer Young (Nelson ) Ltd  
Distribution system assets were revalued as at 1 April 2001 to depreciated replacement cost as assessed by independent valuers PricewaterhouseCoopers and certified in their advice of 25 march 2002.  
Revaluation surpluses are transferred directly to the asset revaluation reserve.

It is intended that network and land assets will be revalued five yearly. Subsequent additions are recorded at cost. All other assets are recorded at cost less depreciation.

**2.8 Operating Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they occur.

**2.9 Lease Buy-out Amortisation**

The cost of buying out the unexpired portion of the network lease held by Citipower Ltd has been capitalised in Nelson Electricity's financial records. The cost will is being amortised over the period which the lease would have run. This period finishes on 31 march 2002.

**2.10 Network Revenue**

The Company's principal source of revenue arises form the supply of network services to electricity traders who trade across the network. Terms and conditions for supply of these services are provided for in "use of system" agreements signed with the electricity retailers.

**2.11 Employee Entitlements**

Provision is made in respect of the company's liability for employees annual leave. Annual leave is calculated on an actual entitlement basis at current rates of remuneration.

**2.12 Statement of Cash Flows**

*Cash* means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the company invests as part of its day to day cash management.  
*Operating activities* include all cash received from all income sources of the company and records the cash payments made for the supply of goods and services.  
*Investing activities* are those activities relating to the acquisition and disposal of non current assets  
*Financing activities* comprise the change in equity and debt capital structure of the company.

**2.13 Changes in Accounting Policies**

In accord with the requirements of the Institute of Chartered Accountants of New Zealand's Financial Reporting Standard FRS 3, the Company revalued its network assets as at 1 April 2001 and land as at 31 July 2001. The network assets were revalued on the basis of Depreciated Replacement Cost. Land was revalued to Net Current Value as determined by an independent valuer. Network assets had previously been valued on the basis of historic cost less accumulated depreciation. Land was previously valued at historic cost.

There have been no other changes in accounting policies during the year. All other policies have been applied on bases consistent with those used in other years.

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2002**

	Year Ended 31-Mar-02	Year Ended 31-Mar-01
	\$000	\$000
<b>3. Taxation</b>		
Surplus Before Taxation	3,606	3,182
Taxation @ 33 %	1,190	1,050
Under Provision from Prior Year	(10)	6
Timing Differences	342	333
	<hr/>	<hr/>
Tax Expense as per Statement of Financial Performance	1,522	1,389
<i>Comprising:</i>		
Current Taxation	1,421	1,393
Deferred Taxation	101	(4)
	<hr/>	<hr/>
	1,522	1,389
<b>Imputation Credit Account</b>		
Balance 1 April	92,079	702,492
Imputation Credits Attached to Dividends Paid in the Year	(1,083,582)	(2,122,836)
Income Tax Payments During the Year	1,450,000	1,512,423
Refunds Received From Inland Revenue	(7,446)	
	<hr/>	<hr/>
<b>Balance 31 March</b>	451,051	92,079
<b>4. Deferred Taxation</b>		
Balance 01.04.01	57	59
Deferred Tax Prior Period		(6)
Deferred Tax Current Period	101	4
Balance 31.03.02	<hr/>	<hr/>
	158	57
<b>5. Share Capital</b>		
	31-Mar-02	31-Mar-01
	\$000	\$000
Authorised Issued and Paid up Share Capital	1	1
Subsequent to agreement of its two shareholders Nelson Electricity repurchased a total of 4,999,000 \$1 shares on 22 March 2001.		
As at 31 March 2002 Marlborough Lines Ltd and Network Tasman Ltd each hold 500 shares.		
<b>6. Retained Earnings</b>		
	31-Mar-02	31-Mar-01
	\$000	\$000
Opening Balance 1 April	2,031	88
Net Surplus for Year	2,084	1,793
Dividends Paid	(2,200)	150
Closing Balance 31 March	<hr/>	<hr/>
	1,915	2,031
<b>7. Reserves</b>		
	31-Mar-02	31-Mar-01
	\$000	\$000
<b>Pre acquisition Reserve:</b> (Retained earnings accumulated to 19.06.96 when the company was purchased by Marlborough Lines Ltd and Network Tasman Ltd)	1,291	1,291
<b>Revaluation Reserves</b> -Credits to Revaluation Reserves		
Land	665	
Distribution System assets	10,554	
	<hr/>	
	11,219	

Distribution system assets were revalued as at 1 April 2001 to depreciated replacement cost (DRC). The valuation was completed in accord with the requirements of FRS 3 by PricewaterhouseCoopers and their valuation report is dated 25 March 2002. The company's Haven Road land was also revalued to net current value as at 31 July 2001.

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2002**

	As At 31-Mar-02 \$000	As At 31-Mar-01 \$000
<b>8. Fixed Assets 2001</b>		
Land (at cost)		15
Buildings (at cost)		175
Accumulated Depreciation		69
Book Value		106
Distribution System		9,797
Accumulated Depreciation		6,609
Book Value		3,188
Plant and Equipment		158
Accumulated Depreciation		75
Book Value		83
Capital Work in Progress		51
<b>Total Fixed Assets</b>		<b>3,443</b>

**Fixed Assets 2002**

Land (at valuation)	773
Buildings (at cost)	175
Accumulated Depreciation	72
Book Value	103
Distribution System Assets (at valuation)	
Subtransmission Assets	1,362
Accumulated Depreciation	40
Book Value	1,322
Zone Substations	909
Accumulated Depreciation	70
Book Value	839
Distribution Assets	10,903
Accumulated Depreciation	414
Book Value	10,489
Other System Fixed Assets	902
Accumulated Depreciation	42
Book Value	860
Plant and Equipment (at cost)	157
Accumulated Depreciation	107
Book Value	50
Capital Work in Progress	53
<b>Total Fixed Assets</b>	<b>14,489</b>

The most recent Optimised Deprival Valuation undertaken in respect of the Nelson Electricity Ltd network system assets was dated 31 March 2001 and the total value recorded was **\$14.166m**.

Land assets were revalued as at 31 July 2001 in accord with valuations provided by Telfer Young (Nelson) Ltd. A number of small parcels of land were bought into the company's books for the first time at net current value totalling \$92,800. These funds were credited to the Statement of Financial Performance. The directors consider that the above values represent fair value for land and buildings. The current rating valuation for buildings is \$140,000 (2001 \$105,000).

**Investment in Lease Buy-Out**

	31-Mar-02	31-Mar-01
Cost (see note 14)	\$2,448,888	\$2,448,888
Less amortisation	\$2,448,888	\$1,837,998
Capitalised Lease Buy-out Costs as at 31 March 2002	\$0	\$610,890



**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year to 31 March 2002*

**9. Term Loans**

	As At 31-Mar-02 \$000	As At 31-Mar-01 \$000
Westpac Trust Multi Option Credit Facility	1,000	1,000

The effective interest rate at 31 March 2002 is 6.53% (2001, 6.90%) This is a three year facility reviewed and able to be extended annually. The facility limit is \$1.8m and the company has granted a negative pledge as an alternative to issuing security. The agreement expires on 26 March 2004.

**10. Related Party Transactions**

Marlborough Lines Limited and Network Tasman each own 50% of the shares in Nelson Electricity Limited and have in the past year provided management and administrative services to the following value:

	2002 \$	2001 \$
Marlborough Lines Ltd	15,600	14,400
Network Tasman Ltd	9,760	Nil
Payable to Marlborough Lines at 31 March.	17,550	7,200
Payable to Network Tasman at 31 March.	10,980	Nil

Nelson Electricity reimburses Marlborough Lines for salaries paid to staff on their behalf. There were no amounts outstanding for salaries as at 31 March 2002. (2001 Nil)

Network Tasman oncharged to Nelson Electricity Transpower national grid charges during the year totalling \$1,271,618. (2001, \$2,506,553). As at 31 March 2002 Nelson Electricity owed Network Tasman \$156,836 for transmission charges. (2001, \$302,779)

	2002 \$	2001 \$
Directors fees paid to Marlborough Lines in respect of Mr K Forrest	8,207	8,000

There were no related party transactions at nil or nominal value. (in the 2001 year Network Tasman provided operational management at nil value.)

There were no related party debts written off or forgiven during the year. (2001 Nil)

**11. Financial Instruments**

**Credit Risk**

Credit risk is the risk that an outside party will not be able to meet its obligations to the company. The company places its cash deposits with high credit quality financial institutions. Credit risk in respect of accounts receivable is minimised through the company's ability to place bonding requirements on its major electricity retailing customers and the substantial financial nature of these businesses. The company does not have any other significant contractions of credit risk.

**Interest Rate risk**

Interest rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The company's short term deposits are at fixed interest rates and mature within one year. The company has the opportunity to vary interest rates on its non current borrowings on such terms as it selects. The interest rate applying to the company's current borrowings is disclosed in note 9.

**Currency Risk**

The company has no present exposure to risks arising from movement in exchange rates. (2001, Nil)

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year to 31 March 2002*

**12. Commitments and Contingent Liabilities**

As at 31 March 2002 the company had no material commitments or contingent liabilities that are not included in these financial statements. (2001, Nil)

**13. Events Subsequent to Balance Date**

There were no events subsequent to balance date requiring notification in these financial statements.

**14. Industry Restructuring**

As a result of agreement reached on 1 April 1999 between Nelson Electricity Ltd, Trans Alta Ltd and Citipower Ltd, the Nelson Electricity Network lease in favour of Citipower was terminated on that date.

Nelson Electricity capitalised the costs of terminating the network lease. This cost has been amortised over the remaining life of the original lease.

The value of the lease termination costs still to be amortised at 31 March 2002 is Nil.  
 (2001, \$610,890)

<b>Schedule 4 Part 8</b>	<b>31-Mar-02</b>	<b>31-Mar-01</b>
<b>Annual Valuation Reconciliation Report for Year ending 31 March 2002</b>	<b>\$000</b>	<b>\$000</b>
System Fixed Assets at ODV at 31 March 2001	14,167	14,215
<i>Add</i> System Fixed Assets Acquired During the Year at ODV	217	550
<i>Less</i> System Fixed Assets Disposed of During the Year At ODV	(21)	
<i>Less</i> Depreciation on System Fixed Assets	(526)	(566)
<i>Add</i> Revaluations of System Fixed Assets		(32)
<i>Equals</i> System Fixed Assets at ODV at 31 March 2002	13,837	14,167

## Operating Revenue (Schedule 1, Part 2)

	2002 \$(000)	2001 \$(000)
11		
<b>Operating revenue</b>		
(a) Revenue from line/access charges	6,784	7,503
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	0	0
(c) Interest on cash, bank balances and short term investments	78	560
(e) AC loss-rental rebates	413	544
(f) Other revenue not listed in (a) to (e)	151	20
(g) <b>Total operating revenue</b>	<b>7,426</b>	<b>8,627</b>

	2002 \$(000)	2001 \$(000)
12		
<b>Operating expenditure</b>		
(a) Payment for transmission charges	1,684	3,051
(b) Transfer payments to the "Other" business for		
(i) Asset maintenance	0	0
(ii) Consumer disconnection/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	0	0
(viii) <b>Total transfer payment to the "Other" business</b>	<b>0</b>	<b>0</b>
(c) Expense to entities that are not related parties for		
(i) Asset maintenance	311	417
(ii) Consumer disconnection/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) Total of specified expenses to non-related parties (sum of (i) to (v))	<b>311</b>	<b>417</b>
(d) Employee salaries, wages and redundancies	272	248
(e) Consumer billing and information system expense	0	0
(f) Depreciation on:		
(i) System fixed assets	566	384
(ii) Other assets not listed in (i)	40	38
(iii) <b>Total depreciation</b>	<b>606</b>	<b>422</b>
(g) Amortisation of		
(i) Goodwill:	0	0
(ii) Other intangibles:	611	919
(iii) <b>Total amortisation of intangibles</b>	<b>611</b>	<b>919</b>
(h) Corporate and administration	146	100
(i) Human resource expenses	0	0
(j) Marketing/advertising:	0	0
(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	60	92
(o) Donations:	0	0
(p) Directors' fees:	45	38
(q) Auditors' fees		
(i) Audit fees paid to principal auditors	6	7
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by principal and other auditors	4	3
(iv) <b>Total auditors' fees:</b>	<b>10</b>	<b>10</b>
(r) Costs of offering credit		
(i) Bad debts written off	0	0
(ii) Increase in estimated doubtful debts	0	0
(iii) <b>Total cost of offering credit:</b>	<b>0</b>	<b>0</b>
(s) Local authority rates expense	12	8
(t) AC loss-rentals (distribution to retailers/customers) expense	0	0
(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)	0	0
	0	0
13 <b>Total operating expenditure</b>	<b>3,757</b>	<b>5,305</b>
14 <b>Operating surplus before interest and income tax</b>	<b>3,669</b>	<b>3,322</b>
15 <b>Interest expense</b>		
(a) Interest expense on borrowings	63	140
(b) Financing charges related to finance leases	0	0
(c) Other interest expense	0	0
(d) <b>Total interest expense</b>	<b>63</b>	<b>140</b>
16 <b>Operating surplus before income tax</b>	<b>3,606</b>	<b>3,182</b>
17 <b>Income tax</b>	<b>1,522</b>	<b>1,389</b>
18 <b>Net surplus after tax</b>	<b>2,084</b>	<b>1,793</b>

## Statement of Financial Position Disclosure (Schedule 1, Part 2)

para		2002 \$(000)	2001 \$(000)
1	<b>Current assets</b>		
(a)	Cash and bank balances:	24	86
(b)	Short-term investments:	750	
(c)	Inventories:	102	81
(d)	Accounts receivable:	542	660
(e)	Other current assets not listed in (a) to (d):	0	
(f)	<b>Total current assets</b>	<b>1,418</b>	<b>827</b>
2	<b>Fixed assets</b>		
(a)	System fixed assets	13,510	3,188
(b)	Consumer billing and information system assets	0	
(c)	Motor Vehicles	9	12
(d)	Office Equipment	41	71
(e)	Land and buildings:	876	121
(f)	Capital works under construction:	53	51
(g)	Other fixed assets not listed in (a) to (f)	0	611
(h)	<b>Total fixed assets</b>	<b>14,489</b>	<b>4,054</b>
3	<b>Other tangible assets not listed above</b>	<b>0</b>	<b>0</b>
4	<b>Total tangible assets</b>	<b>15,907</b>	<b>4,881</b>
5	<b>Intangible assets</b>		
(a)	Goodwill:	0	0
(b)	Other intangibles not listed in (a) above	0	0
(c)	<b>Total intangible assets</b>	<b>0</b>	<b>0</b>
6	<b>Total assets</b>	<b>15,907</b>	<b>4,881</b>
7	<b>Current liabilities</b>		
(a)	Bank overdraft:	0	0
(b)	Short-term borrowings:	0	
(c)	Payables and accruals:	365	524
(d)	Provision for dividends payable:	0	0
(e)	Provision for income tax	-66	-44
(f)	Other current liabilities not listed in (a) to (e) above	24	21
(g)	<b>Total current liabilities</b>	<b>323</b>	<b>501</b>
8	<b>Non-current liabilities</b>		
(a)	Payables and accruals:	0	0
(b)	Borrowings:	1,000	1,000
(c)	Deferred tax	158	57
(d)	Other non-current liabilities not listed in (a) to (c) above	0	0
(e)	<b>Total non-current liabilities</b>	<b>1,158</b>	<b>1,057</b>
9	<b>Equity</b>		
(a)	Shareholders' equity:		
(i)	Share capital:	1	1
(ii)	Retained earnings:	1,915	2,031
(iii)	Reserves:	12,510	1,291
(iv)	<b>Total Shareholders' equity:</b>	<b>14,426</b>	<b>3,323</b>
(b)	Minority interests in subsidiaries:	0	0
(c)	<b>Total equity:</b>	<b>14,426</b>	<b>3,323</b>
(d)	Capital notes:	0	0
(e)	<b>Total capital funds:</b>	<b>14,426</b>	<b>3,323</b>
10	<b>Total equity and liabilities</b>	<b>15,907</b>	<b>4,881</b>

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	3,669							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	3,669							
Interest on cash, bank balances, and short-term investments (ISTI)	78							
OSBIT minus ISTI	3,591	a		3,591				3,591
Net surplus after tax from financial statements	2,084							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,084	n				2,084		
Amortisation of goodwill and amortisation of other intangibles		g	add	0	add	0	add	0
Subvention payment	-	s	add	0	add	0	add	0
Depreciation of SFA at BV (x)	566							
Depreciation of SFA at ODV (y)	526							
ODV depreciation adjustment	40	d	add	40	add	40	add	40
Subvention payment tax adjustment	-	s*t			deduct	0	deduct	0
Interest tax shield	(5)	q					deduct	-5
Revaluations	-	r					add	0
Income tax	1,522	p					deduct	1,522
<b>Numerator</b>				3,631		2,124		2,114
				$OSBIT^{ADJ} = a + g + s + d$		$NSAT^{ADJ} = n + g + s - s*t + d$		$TFE^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of previous financial year (FA <sub>0</sub> )	4,054							
Fixed assets at end of current financial year (FA <sub>1</sub> )	14,489							
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	196							
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	255							
Average total funds employed (ATFE)	9,497 <small>(or regulation 33 time-weighted average)</small>	c		9,497				9,497
Total equity at end of previous financial year (TE <sub>0</sub> )	3,323							
Total equity at end of current financial year (TE <sub>1</sub> )	14,426							
Average total equity	8,875 <small>(or regulation 33 time-weighted average)</small>	k				8,875		
WUC at end of previous financial year (WUC <sub>0</sub> )	51							
WUC at end of current financial year (WUC <sub>1</sub> )	53							
Average total works under construction	52 <small>(or regulation 33 time-weighted average)</small>	e	deduct	52	deduct	52	deduct	52
Revaluations	-	r						
Half of revaluations	-	r/2					deduct	0
Intangible assets at end of previous financial year (IA <sub>0</sub> )	-							
Intangible assets at end of current financial year (IA <sub>1</sub> )	-							
Average total intangible asset	- <small>(or regulation 33 time-weighted average)</small>	m				add	0	
Subvention payment at end of previous financial year (S <sub>2</sub> )	-							
Subvention payment at end of current financial year (S <sub>1</sub> )	-							
Subvention payment tax adjustment at end of previous financial year	-							
Subvention payment tax adjustment at end of current financial year	-							
Average subvention payment & related tax adjustment	-	v				add	0	
System fixed assets at end of previous financial year at book value (SFA <sub>bv,0</sub> )	3,188							
System fixed assets at end of current financial year at book value (SFA <sub>bv,1</sub> )	13,510							
Average value of system fixed assets at book value	8,349 <small>(or regulation 33 time-weighted average)</small>	f	deduct	8,349	deduct	8,349	deduct	8,349
System Fixed assets at year beginning at ODV value (SFA <sub>odv,0</sub> )	14,167							
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,1</sub> )	13,836							
Average value of system fixed assets at ODV value	14,002 <small>(or regulation 33 time-weighted average)</small>	h	add	14,002	add	14,002	add	14,002
<b>Denominator</b>				15,098		14,475		15,098
				$ATFE^{ADJ} = c - e - f + h$		$ADJ = k - e - m + v - f + h$		$TFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
<b>Financial Performance Measure:</b>				24.1		14.7		14.0
				$ROF = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$		$RCE = NSAT^{ADJ}/ATE^{ADJ} \times 100$		$ROI = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$

**NELSON ELECTRICITY LIMITED**  
**PERFORMANCE MEASURES**  
**PREPARED IN ACCORDANCE WITH THE**  
**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999**  
**and AMENDMENT REGULATIONS 2000 and 2001**

**1 Financial Performance Measures**

note The Electricity conveyed through the system on behalf of retailers includes an estimate of usage due to lack of reliable data from retailers, the statistics including loss factors relating to this information should be read with caution.

	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
(a) Return on Funds	24.1%	17.4%	16.1%	5.1%
(b) Return on Equity	14.7%	10.6%	8.8%	3.2%
(c) Return on Investment	14.0%	8.8%	7.4%	3.3%

**2 Efficiency Performance Measures**

(a) Direct Line Costs per Kilometre	\$1,884	\$2,261	\$1,909	\$3,406
(b) Indirect line costs per Consumer	\$118	\$149	\$152	\$22

**1 Energy Delivery Efficiency Performance Measures**

(a) Load Factor	55.0%	58.7%	59.4%	58.9%
(b) Loss Ratio	2.5%	4.9%	4.6%	5.0%
(c) Capacity Utilisation	39.0%	37.6%	39.1%	39.0%

**2 Statistics**

**(a) System Length Break Down in Kilometres**

33kV	17	21	21	21
11kV	78	77	74	75
LV	146	145	144	142
Total	241	243	239	238

**(b) Circuit Length of Overhead System in Kilometres**

33kV	8	11	11	11
11kV	9	9	8	10
LV	25	25	25	22
Total	42	45	44	43

**(c) Circuit Length of Underground System in Kilometres**

33kV	10	10	10	10
11kV	68	68	66	65
LV	121	120	119	121
Total	199	198	195	196

(d) Transformer Capacity in kVA	78,190	76,540	72,270	72,270
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(e) Maximum demand in kW	30,470	28,800	28,225	28,185
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(f) Total Electricity supplied from the System in kWh	146,924,719	148,097,417	147,146,156	145,416,396
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**(g) Total Electricity Conveyed through the System on behalf of each generator and retailer in kWh**

Retailer A	116,967,198	126,945,263	109,650,064	145,416,396
Retailer B	17,346,953	7,793,122	4,363,289	-
Retailer C	3,294,004	4,463,743	1,750,965	-
Retailer D	2,723,393	1,390,788	416,420	-
Retailer E	3,049,344	298,065	24,197,830	-

(h) Total Consumers	8,575	8,579	8,476	8,461
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## Reliability Performance Measures

## 1 Number of interruption by class

Class Description	2002	2001	2000	1999
		number of interruptions		
A Transpower Planned	0	0	0	0
B Nelson Electricity Planned	9	9	22	41
C Nelson Electricity Unplanned	7	6	8	4
D Transpower Unplanned	0	0	0	1
E ECNZ Unplanned	0	0	0	0
F Other Generation	0	0	0	0
G Unplanned	0	0	0	0
<b>Total</b>	<b>16</b>	<b>15</b>	<b>30</b>	<b>46</b>

## 2 Interruption Targets for the following financial year

Class Description	2003
	number of interruptions
(a) B Nelson Electricity Planned	25
(b) C Nelson Electricity Unplanned	8

## 3 Average interruption targets for the subsequent four years

Class Description	2004	2005	2006	2007
	number of interruptions			
(a) B Nelson Electricity Planned	25	25	25	25
(b) C Nelson Electricity Unplanned	8	8	8	8

## 4 Percentage of Class C interruptions not restored within-

	2002
	% of total class interruptions
(a) Three hours	14.0%
(b) 24 hours	0.0%

## 5 Faults (Class C) per 100 kilometres

(a) Total number of faults per 100 km	2002	2001	2000	1999
Voltage				
33 kV	-	4.8	9.7	4.8
11kV	3.9	2.6	8.1	4.0
Total	3.9	3.1	8.4	1.7

## (b) Total number of faults per 100 km following year

Voltage	2003
33 kV	3.8
11kV	3.8
Total	3.8

## (c) Total number of faults per 100 km following years

Voltage	2004	2005	2006	2007
33 kV	3.8	3.8	3.8	3.8
11kV	3.8	3.8	3.8	3.8
Total	3.8	3.8	3.8	3.8

## 6 Faults (Class C) per 100 kilometres underground

Voltage	2002	2001	2000	1999
33 kV	-	-	10.3	4.6
11kV	2.9	1.5	6.1	-
Total	2.9	1.3	6.6	4.0

## 7 Faults (Class C) per 100 kilometres overhead

Voltage	2002	2001	2000	1999
33 kV	-	9.1	9.1	-
11kV	10.9	11.1	24.5	9.1
Total	10.9	10.0	15.6	4.8

8	SAIDI	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	Customer Minutes	38.7	41.0	77.0	56.0
9	SAIDI target				<b>2003</b>
(a)	Class B				15.0
(b)	Class C				25.0
10	SAIDI target	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
(a)	Class B	15.0	15.0	15.0	15.0
(b)	Class C	25.0	25.0	25.0	25.0
11	SAIDI per interruption class	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	Class Description		customer minutes		
	A Transpower Planned	-	-	-	-
	B Nelson Electricity Planned	0.6	13.0	16.0	29.0
	C Nelson Electricity Unplanned	38.1	28.0	60.0	22.0
	D Transpower Unplanned	-	-	-	6.0
	E ECNZ Unplanned	-	-	-	-
	F Other Generation	-	-	-	-
	G Other	-	-	-	-
	<b>Total</b>	<b>38.7</b>	<b>41.0</b>	<b>77.0</b>	<b>57.0</b>
12	SAIFI	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	Total Interruptions	1.0	1.8	1.3	1.3
13	SAIFI target				<b>2003</b>
(a)	Class B Planned				0.3
(b)	Class C Unplanned				0.6
14	SAIFI target	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
(a)	Class B Planned	0.3	0.3	0.3	0.3
(b)	Class C Unplanned	0.6	0.6	0.6	0.6
15	SAIFI per interruption class	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	Class Description		customer minutes		
	A Transpower Planned	-	-	-	-
	B Nelson Electricity Planned	0.0	0.1	0.1	0.2
	C Nelson Electricity Unplanned	1.0	1.7	1.2	0.7
	D Transpower Unplanned	-	-	-	0.4
	E ECNZ Unplanned	-	-	-	-
	F Other Generation	-	-	-	-
	G Other	-	-	-	-
	<b>Total</b>	<b>1.0</b>	<b>1.8</b>	<b>1.3</b>	<b>1.3</b>
16	CAIDI	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	Customer minutes	40.5	23.0	58.7	41.9
17	CAIDI target				<b>2003</b>
(a)	Class B Planned				50.0
(b)	Class C Unplanned				41.7
18	CAIDI target	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
(a)	Class B Planned	33.3	33.3	33.3	33.3
(b)	Class C Unplanned	33.3	33.3	33.3	33.3
19	CAIDI per interruption class	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	Class Description		customer minutes		
	A Transpower Planned	-	-	-	-
	B Nelson Electricity Planned	134.5	217.5	173.2	152.8
	C Nelson Electricity Unplanned	40.1	16.4	49.8	29.1
	D Transpower Unplanned	-	-	-	14.0
	E ECNZ Unplanned	-	-	-	-
	F Other Generation	-	-	-	-
	G Other	-	-	-	-



**Certification of Financial Statements, Performance Measures,  
and Statistics Disclosed by Line Owners other than Transpower.**

We, Kenneth John Forrest and Geoffrey John Hoare, principals of Nelson Electricity Limited certify that, having made all reasonable enquiry, 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 1999 and Amendment Regulations 2000 comply with the requirements of those regulations; and
- (b) The attached information, being from the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Nelson Electricity Limited, and having been prepared for the purposes of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999 and Amendment Regulations 2000, comply with the requirements of those regulations.

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

Dated this 13<sup>th</sup> day of August 2002.



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K.J. Forrest  
Director



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G.J. Hoare  
Company Secretary



## Audit New Zealand

### REPORT OF THE AUDITOR GENERAL

#### AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF NELSON ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2002

We have audited the financial statements of Nelson Electricity Limited on pages 1 to 11. The financial statements provide information about the past financial performance of Nelson Electricity Limited and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out on pages 4 and 5.

#### **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 Nelson Electricity 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. 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 Nelson Electricity 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 Nelson Electricity Limited.

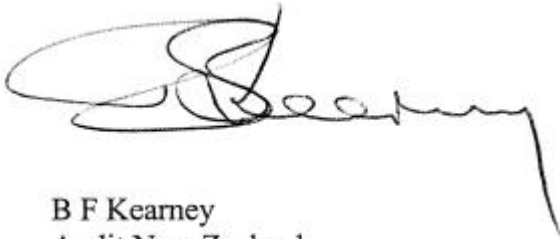
### **Unqualified Opinion**

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

In our opinion –

- proper accounting records have been kept by Nelson Electricity Limited as far as appears from our examination of those records; and
- the financial statements of Nelson Electricity Limited on pages 1 to 11:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of the financial position of Nelson Electricity Limited as at 31 March 2002 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 15 August 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





Audit New Zealand

**AUDITOR- GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF  
NELSON ELECTRICITY LIMITED**

We have examined the information on pages 12 and 13, 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 Nelson Electricity 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  
15 August 2002