



# New Zealand Gazette

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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 2003**

	Notes	2003 Line Business \$000	2002 Line Business \$000
<b><u>INCOME</u></b>			
Interest received		87	78
Network revenue		6,610	6,784
Other income		210	564
		<u>6,907</u>	<u>7,426</u>
<b><u>EXPENDITURE</u></b>			
Operations and maintenance		688	450
Transmission charges		1,797	1,684
Directors fees		52	45
Audit fees		17	10
Other administration		656	351
Interest expense		65	63
Depreciation		575	606
Amortisation of lease buy-out	14	0	611
		<u>3,850</u>	<u>3,820</u>
<b><u>SURPLUS BEFORE TAXATION</u></b>		3,057	3,606
Provision for Taxation	3	1,180	1,522
<b><u>SURPLUS AFTER TAXATION</u></b>		<u>1,877</u>	<u>2,084</u>

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

	2003 Line Business \$000	2002 Line Business \$000
<b><u>Equity at Beginning of Year</u></b>	14,426	3,323
<b><u>Surplus and Revaluations</u></b>		
Revaluations	0	11,219
Net Surplus for Period	1,877	2,084
Total Recognised Revenue and Expenses	<u>1,877</u>	<u>13,303</u>
<b><u>Other Movements</u></b>		
Distributions to Owners	(1,700)	(2,200)
Share Repurchase		
Total Other Movements	<u>(1,700)</u>	<u>(2,200)</u>
<b><u>Equity at End of Year</u></b>	<u>14,603</u>	<u>14,426</u>

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

**NELSON ELECTRICITY LIMITED****Statement of Financial Position as at 31 March 2003**

		2003 Line Business \$000	2002 Line Business \$000
<b><u>EQUITY</u></b>			
Share Capital	5	1	1
Revaluation Reserves	7	11,219	11,219
Pre Acquisition Reserves		1,291	1,291
Retained Earnings	6	2,092	1,915
		<u>14,603</u>	<u>14,426</u>

***Represented by*****CURRENT ASSETS**

Bank and Cash		1,134	774
Accounts Receivable		716	542
Tax Refund Due		138	66
Inventories		101	102
		<u>2,089</u>	<u>1,484</u>

**CURRENT LIABILITIES**

Creditors and Accruals		<u>564</u>	<u>389</u>
		<u>564</u>	<u>389</u>

<b>Working Capital</b>		1,525	1,095
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**NON CURRENT ASSETS**

Fixed Assets	8	<u>14,378</u>	<u>14,489</u>
		<u>14,378</u>	<u>14,489</u>

**NON CURRENT LIABILITIES**

Deferred Taxation	4	300	158
Term Loans	9	<u>1,000</u>	<u>1,000</u>
		<u>1,300</u>	<u>1,158</u>

<b><u>NET ASSETS</u></b>		<u>14,603</u>	<u>14,426</u>
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***The Accompanying Notes form an Integral part of These Financial Statements***

**NELSON ELECTRICITY LIMITED****Statement of Cash Flows for the Year Ended 31 March 2003**

	2003 Line Business	2002 Line Business
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was Provided From</b>		
Receipts from Customers	6,468	6,960
Interest Received	87	78
	<u>6,555</u>	<u>7,038</u>
<b>Cash was Applied to</b>		
Payments to Suppliers	(2,892)	(2,313)
Interest Paid	(65)	(62)
Net GST Paid	60	12
Taxation Paid	(1,112)	(1,443)
	<u>(4,009)</u>	<u>(3,806)</u>
Net Cash Flow From Operating Activities	<u>2,546</u>	<u>3,232</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Cash was Provided From</b>		
Proceeds From Sale of Fixed Assets	8	2
<b>Cash was Applied to</b>		
Purchase of Fixed Assets	(494)	(346)
Net Cash Flow From Investing Activities	<u>(486)</u>	<u>(344)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Cash was Applied to</b>		
Settlement Of Term Debt		
Payment of Dividends	(1,700)	(2,200)
Net Cash Flow From Financing Activities	<u>(1,700)</u>	<u>(2,200)</u>
<b>Net Increase in Cash Held</b>	360	688
<b>Opening Cash Bought Forward</b>	<u>774</u>	<u>86</u>
<b>Cash Balance at End of Year</b>	<u>1,134</u>	<u>774</u>

**Reconciliation of Surplus After Taxation With Cash Flow From Operating Activities**

<b>Net Surplus After Taxation</b>	1,877	2,084
<b>Add/(Less) Non Cash Items</b>		
Depreciation	575	606
Amortisation of Lease Buy-out	0	611
Movement in Deferred Taxation	141	101
	<u>716</u>	<u>1,318</u>
<b>Add/(Less) Movements in Working Capital</b>		
(Increase)/Decrease in Receivables	(174)	118
(Increase)/Decrease in Inventories	0	(21)
Increase/(Decrease) in Creditors and Accruals	175	(156)
Increase/(Decrease) in Taxation	(73)	(21)
	<u>(72)</u>	<u>(80)</u>
<b>Less Items Classified as Investing activities</b>		
New Land Vested	0	(93)
Capital Expenditure in Creditors (net movement)	25	3
<b>Net cash Flow from Operating Activities</b>	<u>2,546</u>	<u>3,232</u>

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2003**

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

**2.3 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% DV

**2.4 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.

**2.5 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.

**2.6 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 (DRC) 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.

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2003**

**2.7 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.

**2.8 Network Revenue**

The Company's principal source of revenue arises from 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.

**2.9 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.

**2.10 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.

**2.11 Changes in Accounting Policies**

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

	Year Ended 31-Mar-03	Year Ended 31-Mar-02
	\$ooo	\$ooo
<b>3. Taxation</b>		
Surplus Before Taxation	3,057	3,606
Taxation @ 33 %	1,009	1,190
Under Provision from Prior Year	(2)	(10)
Timing Differences	173	342
	<u>1,180</u>	<u>1,522</u>
Tax Expense as per Statement of Financial Performance		
Comprising:		
Current Taxation	1,038	1,421
Deferred Taxation	142	101
	<u>1,180</u>	<u>1,522</u>
<b>Imputation Credit Account</b>		
Balance 1 April	451	92
Imputation Credits Attached to Dividends Paid in the Year	(837)	(1,084)
Income Tax Payments During the Year	1,111	1,450
Refunds Received From Inland Revenue	0	(7)
<b>Balance 31 March</b>	<u>725</u>	<u>451</u>
<b>4. Deferred Taxation</b>		
Balance 1 April	158	57
Deferred Tax Prior Period	0	0
Deferred Tax Current Period	142	101
<b>Balance 31 March</b>	<u>300</u>	<u>158</u>

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2003**

**5. Share Capital**

	31-Mar-03	31-Mar-02
	\$ooo	\$ooo
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 2003 Marlborough Lines Ltd and Network Tasman Ltd each held 500 shares.

**6. Retained Earnings**

	31-Mar-03	31-Mar-02
	\$ooo	\$ooo
Opening Balance 1 April	1,915	2,031
Net Surplus for Year	1,877	2,084
Dividends Paid	(1,700)	(2,200)
<b>Closing Balance 31 March</b>	<b>2,092</b>	<b>1,915</b>

**7. Reserves**

	31-Mar-03	31-Mar-02
	\$ooo	\$ooo
<b>Pre acquisition Reserves</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	665
Distribution System assets	10,554	10,554
	<b>11,219</b>	<b>11,219</b>

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.

**8. Fixed Assets**

	As At 31-Mar-03	As At 31-Mar-02
	\$ooo	\$ooo
Land (at valuation)	773	773
Buildings (at cost)	175	175
Accumulated Depreciation	75	72
Book Value	100	103
<b>Distribution System Assets (at valuation)</b>		
Subtransmission Assets	1,372	1,362
Accumulated Depreciation	80	40
Book Value	1,292	1,322
Zone Substations	934	909
Accumulated Depreciation	122	70
Book Value	812	839
Distribution Assets	11,129	10,903
Accumulated Depreciation	832	414
Book Value	10,297	10,489
Other System Fixed Assets	1,027	902
Accumulated Depreciation	85	42
Book Value	942	860
Plant and Equipment (at cost)	176	157
Accumulated Depreciation	121	107
Book Value	55	50
Capital Work in Progress	107	53
<b>Total Fixed Assets</b>	<b>14,378</b>	<b>14,489</b>

**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2003**

Note 8 Continued

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 \$138,500 (2002 \$140,000).

**9. Term Loans**

	As At 31-Mar-03 \$000	As At 31-Mar-02 \$000
Westpac Trust Multi Option Credit Facility	1,000	1,000

The effective interest rate at 31 March 2003 is 6.36% (2002, 6.53%). This is a three year revolving 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 2005.

**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:

	2003 \$	2002 \$
Marlborough Lines Ltd	167,705	15,600
Network Tasman Ltd	132,502	9,760
Payable to Marlborough Lines at 31 March.	Nil	17,550
Payable to Network Tasman at 31 March.	11,042	10,980

Nelson Electricity reimburses Marlborough Lines for salaries paid to staff on their behalf. There were no amounts outstanding for salaries as at 31 March 2003. (2002 Nil)

Network Tasman oncharged to Nelson Electricity Transpower national grid charges during the year totalling \$1,797,674. (2002, \$1,271,618). As at 31 March 2003 Nelson Electricity owed Network Tasman \$134,547 for transmission charges. (2002, \$156,836)

	2003 \$	2002 \$
Directors fees paid to Marlborough Lines in respect of Mr K Forrest	8,600	8,207

There were no related party transactions at nil or nominal value.

There were no related party debts written off or forgiven during the year. (2002 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.



**NELSON ELECTRICITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year to 31 March 2003*

**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. (2002, Nil)

**12. Commitments and Contingent Liabilities**

As at 31 March 2003 the company had no material commitments or contingent liabilities that are not included in these financial statements. (2002, 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 was amortised over the remaining life of the original lease and was completed as at 31 March 2002.

<b>Schedule 4 Part 8</b>		31-Mar-03	31-Mar-02
<b>Annual Valuation Reconciliation Report for Year ending 31 March 2002</b>		\$000	\$000
System Fixed Assets at ODV at 31 March 2002		13,837	14,167
<i>Add</i>	System Fixed Assets Acquired During the Year at ODV	297	217
<i>Less</i>	System Fixed Assets Disposed of During the Year At ODV	(90)	(21)
<i>Less</i>	Depreciation on System Fixed Assets	(513)	(526)
<i>Add</i>	Revaluations of System Fixed Assets		
<i>Equals</i>	System Fixed Assets at ODV at 31 March 2002	13,531	13,837

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

para		2003 \$(000)	2002 \$(000)
1	<b>Current assets</b>		
(a)	Cash and bank balances:	14	24
(b)	Short-term investments:	1,120	750
(c)	Inventories:	101	102
(d)	Accounts receivable:	716	542
(e)	Other current assets not listed in (a) to (d):	0	0
(f)	<b>Total current assets</b>	<b>1,951</b>	<b>1,418</b>
2	<b>Fixed assets</b>		
(a)	System fixed assets:	13,343	13,510
(b)	Consumer billing and information system assets:	0	0
(c)	Motor Vehicles	22	9
(d)	Office equipment	33	41
(e)	Land and buildings:	873	876
(f)	Capital works under construction:	107	53
(g)	Other fixed assets not listed in (a) to (f):	0	0
(h)	<b>Total fixed assets</b>	<b>14,378</b>	<b>14,489</b>
3	<b>Other tangible assets not listed above</b>	<b>0</b>	<b>0</b>
4	<b>Total tangible assets</b>	<b>16,329</b>	<b>15,907</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>16,329</b>	<b>15,907</b>
7	<b>Current liabilities</b>		
(a)	Bank overdraft:	0	0
(b)	Short-term borrowings:	0	0
(c)	Payables and accruals:	544	365
(d)	Provision for dividends payable:	0	0
(e)	Provision for income tax:	-138	-66
(f)	Other current liabilities not listed in (a) to (e) above:	20	24
(g)	<b>Total current liabilities</b>	<b>426</b>	<b>323</b>
8	<b>Non-current liabilities</b>		
(a)	Payables and accruals:	0	0
(b)	Borrowings:	1,000	1,000
(c)	Deferred tax:	300	158
(d)	Other non-current liabilities not listed in (a) to (c) above:	0	0
(e)	<b>Total non-current liabilities</b>	<b>1,300</b>	<b>1,158</b>
9	<b>Equity</b>		
(a)	Shareholders' equity:		
(i)	Share capital:	1	1
(ii)	Retained earnings:	2,092	1,915
(iii)	Reserves:	12,510	12,510
(iv)	<b>Total Shareholders' equity:</b>	<b>14,603</b>	<b>14,426</b>
(b)	Minority interests in subsidiaries:	0	0
(c)	<b>Total equity:</b>	<b>14,603</b>	<b>14,426</b>
(d)	Capital notes:	0	0
(e)	<b>Total capital funds:</b>	<b>14,603</b>	<b>14,426</b>
10	<b>Total equity and liabilities</b>	<b>16,329</b>	<b>15,907</b>

Operating Revenue (Schedule 1, Part 2)		2003 \$(000)	2002 \$(000)
para 11	<b>Operating revenue</b>		
(a)	Revenue from line/access charges:	6,610	6,784
(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:	87	78
(e)	AC loss-rental rebates:	176	413
(f)	Other revenue not listed in (a) to (d):	34	151
(g)	<b>Total operating revenue</b>	<b>6,907</b>	<b>7,426</b>
Expenditure (Schedule 1, Part 2)		2003 \$(000)	2002 \$(000)
para 12	<b>Operating expenditure</b>		
(a)	Payment for transmission charges	1,797	1,684
(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:	560	311
(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>560</b>	<b>311</b>
(d)	Employee salaries, wages and redundancies	266	272
(e)	Consumer billing and information system expense	0	0
(f)	Depreciation on:		
(i)	System fixed assets:	552	566
(ii)	Other assets not listed in (i)	23	40
(iii)	<b>Total depreciation</b>	<b>575</b>	<b>606</b>
(g)	Amortisation of:		
(i)	Goodwill:	0	0
(ii)	Other intangibles:	0	611
(iii)	<b>Total amortisation of intangibles</b>	<b>0</b>	<b>611</b>
(h)	Corporate and administration:	424	146
(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:	85	60
(o)	Donations:	0	0
(p)	Directors' fees:	52	45
(q)	Auditors' fees:		
(i)	Audit fees paid to principal auditors:	13	6
(ii)	Audit fees paid to other auditors:	0	0
(iii)	Fees paid for other services provided by principal and other auditors:	4	4
(iv)	<b>Total auditors' fees:</b>	<b>17</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:	9	12
(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
13	<b>Total operating expenditure</b>	<b>3,785</b>	<b>3,757</b>
14	<b>Operating surplus before interest and income tax</b>	<b>3,122</b>	<b>3,669</b>
15	<b>Interest expense</b>		
(a)	Interest expense on borrowings	65	63
(b)	Financing charges related to finance leases	0	0
(c)	Other interest expense	0	0
(d)	<b>Total interest expense</b>	<b>65</b>	<b>63</b>
16	<b>Operating surplus before income tax</b>	<b>3,057</b>	<b>3,606</b>
17	<b>Income tax</b>	<b>1,180</b>	<b>1,522</b>
18	<b>Net surplus after tax</b>	<b>1,877</b>	<b>2,084</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	3,122							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	3,122							
Interest on cash, bank balances, and short-term investments (ISTI)	87							
OSBIT minus ISTI	3,035	a		3,035				3,035
Net surplus after tax from financial statements	1,877							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,877	n				1,877		
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)	552							
Depreciation of SFA at ODV (y)	513							
ODV depreciation adjustment	39	d	add	39	add	39	add	39
Subvention payment tax adjustment	-	s*t			deduct	0	deduct	0
Interest tax shield	(7)	q					deduct	-7
Revaluations	-	r					add	0
Income tax	1,180	p					deduct	1,180
<b>Numerator</b>				3,074		1,916		1,901
			OSBIT <sup>ADJ</sup> = a + g + s + d		NSAT <sup>ADJ</sup> = n + g + s + s*t + d		T <sup>ADJ</sup> = a + g - q + r + s + d - p - s*t	
Fixed assets at end of previous financial year (FA <sub>0</sub> )	14,489							
Fixed assets at end of current financial year (FA <sub>1</sub> )	14,378							
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	-							
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-							
Average total funds employed (ATFE)	14,434 (or regulation 33 time-weighted average)	c		14,434				14,434
Total equity at end of previous financial year (TE <sub>0</sub> )	14,426							
Total equity at end of current financial year (TE <sub>1</sub> )	14,603							
Average total equity	14,515 (or regulation 33 time-weighted average)	k				14,515		
WUC at end of previous financial year (WUC <sub>0</sub> )	53							
WUC at end of current financial year (WUC <sub>1</sub> )	107							
Average total works under construction	80 (or regulation 33 time-weighted average)	e	deduct	80	deduct	80	deduct	80
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	- (or regulation 33 time-weighted average)	m			add	0		
Subvention payment at end of previous financial year (S <sub>0</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>bov0</sub> )	13,510							
System fixed assets at end of current financial year at book value (SFA <sub>bov1</sub> )	13,343							
Average value of system fixed assets at book value	13,427 (or regulation 33 time-weighted average)	f	deduct	13,427	deduct	13,427	deduct	13,427
System Fixed assets at year beginning at ODV value (SFA <sub>odv0</sub> )	13,837							
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv1</sub> )	13,531							
Average value of system fixed assets at ODV value	13,684 (or regulation 33 time-weighted average)	h	add	13,684	add	13,684	add	13,684
<b>Denominator</b>				14,611		14,692		14,611
			ATFE <sup>ADJ</sup> = c - e - f + h		T <sup>ADJ</sup> = k - e - m + v - f + h		FE <sup>ADJ</sup> = c - e - ½r - f + h	
<b>Financial Performance Measure:</b>			21.0		13.0		13.0	
			ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100		ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100		ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100	

NELSON ELECTRICITY LIMITED  
PERFORMANCE MEASURES

PREPARED IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999  
and AMENDMENT REGULATIONS 2000 and 2001

	2003	2002	2001	2000
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.				
(a) Return on Funds	21.0%	24.1%	17.4%	16.1%
(b) Return on Equity	13.0%	14.7%	10.6%	8.8%
(c) Return on Investment	13.0%	14.0%	8.8%	7.4%
2 Efficiency Performance Measures				
(a) Direct Line Costs per Kilometre	\$2,864	\$1,884	\$2,261	\$1,909
(b) Indirect line costs per Consumer	\$84	\$118	\$149	\$152
1 Energy Delivery Efficiency Performance Measures				
(a) Load Factor	57.7%	55.0%	58.7%	59.4%
(b) Loss Ratio	5.8%	2.5%	4.9%	4.6%
(c) Capacity Utilisation	37.6%	39.0%	37.6%	39.1%
2 Statistics				
(a) System Length Break Down in Kilometres				
33kV	17	17	21	21
11kV	78	78	77	74
LV	147	146	145	144
Total	242	241	243	239
(b) Circuit Length of Overhead System in Kilometres				
33kV	7	8	11	11
11kV	9	9	9	8
LV	25	25	25	25
Total	41	42	45	44
(c) Circuit Length of Underground System in Kilometres				
33kV	10	10	10	10
11kV	69	68	68	66
LV	122	121	120	119
Total	201	199	198	195
(d) Transformer Capacity in kVA	79,100	78,190	76,540	72,270
(e) Maximum demand in kW	29,767	30,470	28,800	28,225
(f) Total Electricity supplied from the System in kWh	150,532,170	146,924,719	148,097,417	147,146,156
(g) Total Electricity Conveyed through the System on behalf of each generator and retailer in kWh				
Retailer A	110,038,068	116,967,198	126,945,263	109,650,064
Retailer B	20,725,835	17,346,953	7,793,122	4,363,289
Retailer C	8,381,913	3,294,004	4,463,743	1,750,965
Retailer D	1,969,082	2,723,393	1,390,788	416,420
Retailer E	1,219,138	3,049,344	298,065	24,197,830
(h) Total Consumers	8,614	8,575	8,579	8,476

## Reliability Performance Measures

1	Number of interruption by class	2003	2002	2001	2000
	Class Description	number of interruptions			
	A Transpower Planned	-	-	-	-
	B Nelson Electricity Planned	22	9	9	22
	C Nelson Electricity Unplanned	13	7	6	8
	D Transpower Unplanned	-	-	-	-
	E ECNZ Unplanned	-	-	-	-
	F Other Generation	-	-	-	-
	G Unplanned Other Line Owner	-	-	-	-
	H Planned Other Line Owner	-	-	-	-
	I Other	-	-	-	-
	<b>Total</b>	<b>35</b>	<b>16</b>	<b>15</b>	<b>30</b>
2/3	Interruption targets for the average of the next five years	<b>2004 to 2008</b>			
	Class Description	average number of interruptions each year over this period			
(a)	B Nelson Electricity Planned				25
(b)	C Nelson Electricity Unplanned				8
4	Percentage of Class C interruptions not restored within-	2003	2002	2001	2000
		% of total class interruptions			
(a)	Three hours	7.7%	14.0%	0.0%	12.5%
(b)	24 hours	0.0%	0.0%	0.0%	0.0%
5	Faults (Class C) per 100 kilometres				
(a)	Total number of faults per 100 km				
	Voltage	2003	2002	2001	2000
	33 kV	11.5	-	4.8	9.7
	11kV	14.0	3.9	2.6	8.1
	Total	13.6	3.9	3.1	8.4
(b/c)	Average total number of faults per 100 km for the next five years	<b>2004 to 2008</b>			
		average total number of faults per 100 kms each year over this period			
	Voltage				
	33 kV				3.8
	11kV				3.8
	Total				3.8
6	Faults (Class C) per 100 kilometres underground				
	Voltage	2003	2002	2001	2000
	33 kV	-	-	-	10.3
	11kV	8.7	2.9	1.5	6.1
	Total	7.6	2.9	1.3	6.6
7	Faults (Class C) per 100 kilometres overhead				
	Voltage	2003	2002	2001	2000
	33 kV	26.8	-	9.1	9.1
	11kV	54.3	10.9	11.1	24.5
	Total	42.0	10.9	10.0	15.6

8	SAIDI	2003	2002	2001	2000
	Customer Minutes	99.6	38.7	41.0	77.0
9/10	SAIDI target	2004 to 2008 average SAIDI for each year over this period			
(a)	Class B				15
(b)	Class C				25
11	SAIDI per interruption class	2003	2002	2001	2000
	Class Description	customer minutes			
	A Transpower Planned	-	-	-	-
	B Nelson Electricity Planned	27.4	0.6	13.0	16.0
	C Nelson Electricity Unplanned	72.1	38.1	28.0	60.0
	D Transpower Unplanned	-	-	-	-
	E ECNZ Unplanned	-	-	-	-
	F Other Generation	-	-	-	-
	G Unplanned Other Line Owner	-	-	-	-
	H Planned Other Line Owner	-	-	-	-
	I Other	-	-	-	-
12	SAIFI	2003	2002	2001	2000
	Total Interruptions	1.4	1.0	1.8	1.3
13/14	SAIFI target	2004 to 2008 average SAIFI for each year over this period			
(a)	Class B Planned				0.3
(b)	Class C Unplanned				0.6
15	SAIFI per interruption class	2003	2002	2001	2000
	Class Description	customer minutes			
	A Transpower Planned	-	-	-	-
	B Nelson Electricity Planned	0.2	0.0	0.1	0.1
	C Nelson Electricity Unplanned	1.3	1.0	1.7	1.2
	D Transpower Unplanned	-	-	-	-
	E ECNZ Unplanned	-	-	-	-
	F Other Generation	-	-	-	-
	G Unplanned Other Line Owner	-	-	-	-
	H Planned Other Line Owner	-	-	-	-
	I Other	-	-	-	-
16	CAIDI	2003	2002	2001	2000
	Customer minutes	69.6	40.5	23.0	58.7
17	CAIDI target	2004 to 2008 average CAIDI for each year over this period			
(a)	Class B Planned				33.3
(b)	Class C Unplanned				33.3
19	CAIDI per interruption class	2003	2002	2001	2000
	Class Description	customer minutes			
	A Transpower Planned	-	-	-	-
	B Nelson Electricity Planned	171.1	134.5	217.5	173.2
	C Nelson Electricity Unplanned	57.0	40.1	16.4	49.8
	D Transpower Unplanned	-	-	-	-
	E ECNZ Unplanned	-	-	-	-
	F Other Generation	-	-	-	-
	G Unplanned Other Line Owner	-	-	-	-
	H Planned Other Line Owner	-	-	-	-
	I Other	-	-	-	-

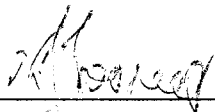
**Certification of Financial Statements, Performance Measures,  
and Statistics Disclosed by Line Owners other than Transpower.**

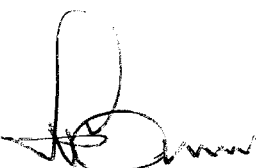
We, Kenneth John Forrest and Geoffrey John Hoare, principals of Nelson Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (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 11<sup>th</sup> day of August 2003.

  
\_\_\_\_\_  
K.J. Forrest  
Director

  
\_\_\_\_\_  
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 2003**

We have audited the financial statements of Nelson Electricity Limited on pages 1 to 10. The financial statements provide information about the past financial performance of Nelson Electricity Limited and its financial position as at 31 March 2003. 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 that give a true and fair view of the financial position of Nelson Electricity Limited as at 31 March 2003, and the results of its operations and cash flows for the year 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 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.

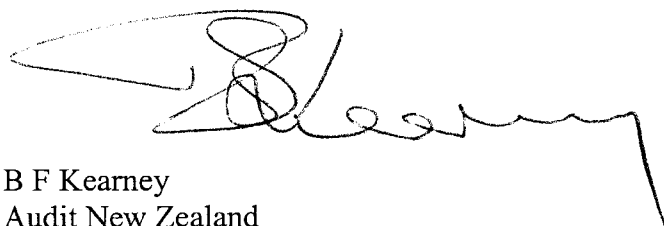
### Unqualified Opinion

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 10:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Nelson Electricity Limited's financial position as at 31 March 2003 and the results of its operations and cash flows for the year ended on that date; and
  - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 12 August 2003 and our unqualified opinion is expressed as at that date.



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

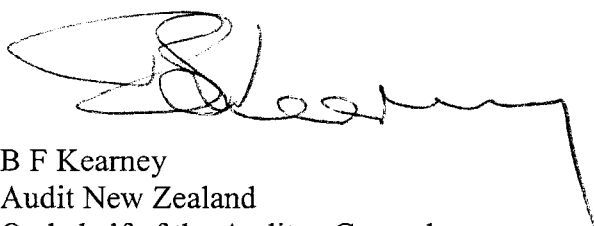
**AUDITOR- GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF  
NELSON ELECTRICITY LIMITED**

We have examined the information on pages 8, 11 and 12, 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 2003 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  
12 August 2003