

Nelson Electricity Ltd



**Financial Statements
for the Year Ended
31 March 2005**

Requirement 31(1)

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES,
AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN
TRANSPOWER)**

We, Brian Lawrence Rhoades and Ian Francis Kearney, directors 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 requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Nelson Electricity Limited, and having been prepared for the purposes of requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2005.

Signed
B L Rhoades

Signed
I F Kearney

Date 12 August 2005.



**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 in requirement 15;
- b the annual ODV reconciliation report in requirement 16;
- c the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- d the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Nelson Electricity Limited and dated 12 August 2005 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity (Information Disclosure) Requirements 2004.

S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
16 August 2005

This audit report relates to the financial statements of Nelson Electricity Limited for the year ended 31 March 2005 included on Nelson Electricity Limited's web-site. Nelson Electricity Limited is responsible for the maintenance and integrity of their web site. We have not been engaged to report on the integrity of the Nelson Electricity Limited's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information, which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF NELSON ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2005

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 2005. This information is stated in accordance with the accounting policies set out on pages 4 and 5.

Directors' responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Nelson Electricity as at 31 March 2005, 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 30 of the Electricity (Information Disclosure) Requirements 2004 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 that opinion to you.

The Auditor-General has appointed Scott Tobin 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's 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 interest in Nelson Electricity Limited.

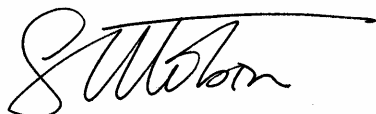
Unqualified opinion

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

In our opinion:

- ▲ proper accounting records have been maintained 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:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of Nelson Electricity Limited's financial position as at 31 March 2005 and the results of its operations and cash flows for the year ended on that date; and
 - comply with the Electricity (Information Disclosure) Requirements 2004.

Our audit was completed on 16 August 2005 and our unqualified opinion is expressed as at that date.



S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

This audit report relates to the financial statements of Nelson Electricity Limited for the year ended 31 March 2005 included on Nelson Electricity Limited's web-site. Nelson Electricity Limited is responsible for the maintenance and integrity of their web site. We have not been engaged to report on the integrity of the Nelson Electricity Limited's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information, which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NELSON ELECTRICITY LIMITED**Statement of Financial Performance for the Year Ended 31 March 2005**

	Notes	2005 Line Business \$000	2004 Line Business \$000
<u>INCOME</u>			
Interest received		47	68
Network revenue		6,798	6,532
Other income		191	308
		<u>7,036</u>	<u>6,908</u>
<u>EXPENDITURE</u>			
Operations and maintenance		485	481
Transmission charges		1,797	1,759
Directors fees		58	52
Audit fees		17	16
Other administration		862	863
Interest expense		52	86
Depreciation		938	591
		<u>4,209</u>	<u>3,848</u>
<u>SURPLUS BEFORE TAXATION</u>		2,827	3,060
Provision for Taxation	3	1,057	860
<u>SURPLUS AFTER TAXATION</u>		<u>1,770</u>	<u>2,200</u>

Statement of Movements in Equity for the Year Ended 31 March 2005

	2005 Line Business \$000	2004 Line Business \$000
<u>Equity at Beginning of Year</u>	14,903	14,603
<u>Surplus and Revaluations</u>		
Revaluations	8,763	0
Net Surplus for Period	1,770	2,200
Total Recognised Revenue and Expenses	<u>10,533</u>	<u>2,200</u>
<u>Other Movements</u>		
Distributions to Owners	<u>(2,200)</u>	<u>(1,900)</u>
Total Other Movements	<u>(2,200)</u>	<u>(1,900)</u>
<u>Equity at End of Year</u>	<u>23,236</u>	<u>14,903</u>

The Accompanying Notes form an Integral part of These Financial Statements

NELSON ELECTRICITY LIMITED**Statement of Financial Position as at 31 March 2005**

		2005 Line Business \$000	2004 Line Business \$000
<u>EQUITY</u>			
Share Capital	5	1	1
Revaluation Reserves	7	19,982	11,219
Pre Acquisition Reserves	7	1,291	1,291
Retained Earnings	6	1,962	2,392
		<u>23,236</u>	<u>14,903</u>
Represented by			
<u>CURRENT ASSETS</u>			
Bank and Cash		80	863
Accounts Receivable		636	683
Tax Refund Due		27	(60)
Inventories		93	110
		<u>836</u>	<u>1,596</u>
<u>CURRENT LIABILITIES</u>			
Bank Overdraft		30	0
Creditors and Accruals		537	696
		<u>567</u>	<u>696</u>
Working Capital		269	900
<u>NON CURRENT ASSETS</u>			
Deferred Tax Benefit	4	10	9
Fixed Assets	8	24,057	14,994
		<u>24,067</u>	<u>15,003</u>
<u>NON CURRENT LIABILITIES</u>			
Term Loans	9	1,100	1,000
		<u>1,100</u>	<u>1,000</u>
<u>NET ASSETS</u>		<u>23,236</u>	<u>14,903</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 2005**

	2005 Line Business	2004 Line Business
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash was Provided From		
Receipts from Customers	7,035	6,873
Interest Received	47	68
	<u>7,082</u>	<u>6,941</u>
Cash was Applied to		
Payments to Suppliers	(3,213)	(3,288)
Interest Paid	(51)	(86)
Net GST Paid	(45)	(21)
Taxation Paid	(1,128)	(970)
	<u>(4,437)</u>	<u>(4,365)</u>
Net Cash Flow From Operating Activities	<u>2,645</u>	<u>2,576</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Cash was Provided From		
Proceeds From Sale of Fixed Assets	0	0
Cash was Applied to		
Purchase of Fixed Assets	(1,358)	(947)
Net Cash Flow From Investing Activities	<u>(1,358)</u>	<u>(947)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Cash was Provided From		
Term Debt Raised	100	0
Cash was Applied to		
Payment of Dividends	(2,200)	(1,900)
Net Cash Flow From Financing Activities	<u>(2,100)</u>	<u>(1,900)</u>
Net Increase in Cash Held	(813)	(271)
Opening Cash Bought Forward	863	1,134
<u>Cash Balance at End of Year</u>	<u>50</u>	<u>863</u>
<u>Cash Balance at End of Year Comprises</u>		
Bank (Overdraft)	(30)	13
Short Term Deposits	80	850
<u>Reconciliation of Surplus After Taxation With Cash Flow From Operating Activities</u>		
<u>Net Surplus After Taxation</u>	1,770	2,200
<u>Add/(Less) Non Cash Items</u>		
Depreciation	938	591
Movement in Deferred Taxation	(1)	(309)
	<u>937</u>	<u>282</u>
<u>Add/(Less) Movements in Working Capital</u>		
(Increase)/Decrease in Receivables	46	33
(Increase)/Decrease in Inventories	17	(9)
Increase/(Decrease) in Creditors and Accruals	(158)	131
Increase/(Decrease) in Taxation	(88)	199
	<u>(183)</u>	<u>354</u>
<u>Less Items Classified as Investing activities</u>		
Capital Expenditure in Creditors (net movement)	121	(260)
<u>Net cash Flow from Operating Activities</u>	<u>2,645</u>	<u>2,576</u>

NELSON ELECTRICITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2005

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 and Nelson Electricity now contracts with the electricity retailers (Trustpower, Meridian etc) who supply electricity across the Nelson network.

2. Accounting Policies

2.1 Authority

These financial statements have been prepared for the sole purpose of complying with Requirement 6 of the Electricity (Information Disclosure) Requirements 2004.

2.2 Measurement Base

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 income tax expense charged to the Statement of Financial Performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

A debit balance in the deferred taxation account arising from timing differences or income tax losses is only recognised when 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 Plant Property and Equipment

Distribution system assets were revalued as at 1 April 2004 to current depreciated replacement cost (DRC) as assessed by independent valuers PricewaterhouseCoopers and certified in their advice of 6 May 2005.

Revaluation surpluses are transferred directly to the asset revaluation reserve.

Land assets are carried at current market value.

It is intended that network and land assets will be revalued every three years. 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 2005

2.7 Good and Services Tax

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST with the exception of receivables and payables which include GST invoiced.

2.8 Receivables

Receivables are stated at the amount they are expected to realise. Bad debts will be written off in the year in which they are identified.

2.9 Inventories

Inventories are valued on the basis of the lower of cost (on a weighted average basis) and net realisable value. Allowance is made for damaged or obsolete items.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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-05	Year Ended 31-Mar-04
	\$000	\$000
<u>3. Taxation</u>		
Surplus Before Taxation	2,827	3,060
Taxation @ 33 %	933	1,010
Under Provision from Prior Year	(10)	0
Effect of Permanent Differences	134	(150)
Tax Expense as per Statement of Financial Performance	1,057	860
<i>Comprising:</i>		
Current Taxation	1,058	1,169
Deferred Taxation	(1)	(309)
	1,057	860
Imputation Credit Account		
Balance 1 April	759	725
Imputation Credits Attached to Dividends Paid in the Year	(1,084)	(936)
Income Tax Payments During the Year	1,152	970
Refunds Received From Inland Revenue	(4)	0
Balance 31 March	823	759

NELSON ELECTRICITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2005

4. Deferred Taxation

Balance 1 April	(9)	300
Adjustment Prior Period	0	(306)
Current Period Provision	(1)	(3)
Balance 31 March	(10)	(9)

5. Share Capital

	31-Mar-05	31-Mar-04
	\$ooo	\$ooo
Share Capital	1	1

As at 31 March 2005 Marlborough Lines Ltd and Network Tasman Ltd each held 500 shares. (2004 500 shares each)

6. Retained Earnings

	31-Mar-05	31-Mar-04
	\$ooo	\$ooo
Opening Balance 1 April	2,392	2,092
Net Surplus for Year	1,770	2,200
Dividends Paid	(2,200)	(1,900)
Closing Balance 31 March	1,962	2,392

7. Reserves

	31-Mar-05	31-Mar-04
	\$ooo	\$ooo
Pre acquisition Reserves (Retained earnings accumulated to 19.06.96 when the company was purchased by Marlborough Lines Ltd and Network Tasman Ltd)	1,291	1,291
Revaluation Reserves - Credits to Revaluation Reserves		
Land and Buildings	1,054	665
Distribution System assets	18,928	10,554
	19,982	11,219

Revaluations totalling \$8.763m were credited to revaluation reserves during the period. (2004 Nil)

Distribution system assets were revalued as at 1 April 2004 to current depreciated replacement cost (DRC). The valuation was completed in accord with the requirements of FRS 3 by PricewaterhouseCoopers and their valuation report is dated 6 May 2005. The company's Haven Road land was also revalued to net current value as at 1 April 2004.

8. Plant Property and Equipment

		As At	As At
		31-Mar-05	31-Mar-04
		\$ooo	\$ooo
Land (at valuation)		1,163	773
Buildings (at cost)		175	175
Accumulated Depreciation		82	79
	Book Value	93	96
<u>Distribution System Assets (at valuation)</u>			
Subtransmission Assets		3,725	1,372
Accumulated Depreciation		1,635	120
	Book Value	2,090	1,252
Zone Substations		3,028	1,027
Accumulated Depreciation		1,917	173
	Book Value	1,111	854
Distribution Assets		34,478	11,539
Accumulated Depreciation		17,099	1,259
	Book Value	17,379	10,280
Other System Fixed Assets		3,227	1,293
Accumulated Depreciation		1,564	132
	Book Value	1,663	1,161
Plant and Equipment (at cost)		215	202
Accumulated Depreciation		169	142
	Book Value	46	60
Capital Work in Progress		512	518
Total Fixed Assets		24,057	14,994

NELSON ELECTRICITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2005

Note 8 Continued

The most recent Optimised Deprival Valuation for the Nelson Electricity Ltd network system assets was dated 31 March 2004 and the total value recorded was **\$19.393m.**

The current rating valuation for improvements is \$138,000 (2004 \$130,000)

9. Term Loans

	As At 31-Mar-05 \$ooo	As At 31-Mar-04 \$ooo
Westpac Trust Multi Option Credit Facility	1,100	1,000

The effective interest rate at 31 March 2005 is 7.59% (2004, 6.04%) 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 31 October 2007.

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:

	2005 \$	2004 \$
Marlborough Lines Ltd	167,496	167,705
Network Tasman Ltd	132,504	132,502
Payable to Marlborough Lines at 31 March.	13,958	13,958
Payable to Network Tasman at 31 March.	11,042	11,042

Nelson Electricity reimburses Marlborough Lines for salaries paid to staff on their behalf. Salaries totalling \$35,809 remained payable to Marlborough Lines as at 31 March 2005. (2004 \$29,110)

Network Tasman oncharged to Nelson Electricity Transpower national grid charges during the year totalling \$1,797,012 (net). (2004, \$1,759,300). As at 31 March 2005 Nelson Electricity owed Network Tasman \$149,738 (net) for transmission charges. (2004, \$134,673)

Network Tasman credited Nelson Electricity with loss rental rebates (from Transpower) totalling \$126,084 (net). As at 31 March 2005 Network Tasman owed Nelson Electricity \$12,846 (net) for loss rental rebates. (2004, \$5,968)

During the year Nelson Electricity paid dividends totalling \$1,100,000 to each of Marlborough Lines and Network Tasman. (2004, \$950,000 each)

	2005 \$	2004 \$
Directors fees paid to Marlborough Lines in respect of Mr K Forrest	9,340	8,600

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

There were no related party debts written off or forgiven during the year. (2004 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 contrations of credit risk.

NELSON ELECTRICITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2005

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. (2004, Nil)

12. Commitments and Contingent Liabilities

As at 31 March 2004 the company had no commitments or contingent liabilities that are not included in these financial statements. (2004, Nil)

The estimated costs to complete the projects included in work in progress as at 31 March 2005 total \$197,161. (2004, \$486,079)

13. Events Subsequent to Balance Date

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

Schedule 1 Part 8	31-Mar-05	31-Mar-04
Annual Valuation Reconciliation Report for Year ending 31 March 2005	\$000	\$000
System Fixed Assets at ODV at 31 March 2004	19,393	13,531
<i>Add</i> System Fixed Assets Acquired During the Year at ODV	883	443
<i>Less</i> System Fixed Assets Disposed of During the Year At ODV	(86)	(50)
<i>Less</i> Depreciation on System Fixed Assets	(668)	(720)
<i>Add</i> Revaluations of System Fixed Assets	0	6,189
<i>Equals</i> System Fixed Assets at ODV at 31 March 2005	19,522	19,393

Schedule 1, Part 2

Items required to be separately listed in financial statements required under requirement 5(1) or requirement 6(1):

Statement of Financial Position

	2005 \$(000)	2004 \$(000)
1 Current assets		
(a) Cash and bank balances:	0	13
(b) Short-term investments:	80	850
(c) Inventories:	93	110
(d) Accounts receivable:	636	683
(e) Other current assets not listed in (a) to (d):	0	0
(f) Total current assets (sum of (a) to (e)).	809	1,656
2 Fixed assets		
(a) System fixed assets:	22,243	13,547
(b) Consumer billing and information system assets:	0	0
(c) Motor Vehicles:	11	15
(d) Office equipment:	35	45
(e) Land and buildings:	1,256	869
(f) Capital works under construction:	512	518
(g) Other fixed assets not listed in (a) to (f):	0	0
(h) Total fixed assets (sum of (a) to (g)).	24,057	14,994
3 Other tangible assets not listed above	0	0
4 Total tangible assets (1(f)+2(h)+3).	24,866	16,650
5 Intangible assets		
(a) Goodwill:	0	0
(b) Other intangibles not listed in (a):	0	0
(c) Total intangible assets (sum of (a) and (b)).	0	0
6 Total assets (4+5(c)).	24,866	16,650
7 Current liabilities		
(a) Bank overdraft:	30	0
(b) Short-term borrowings:	0	0
(c) Payables and accruals:	505	668
(d) Provision for dividends payable:	0	0
(e) Provision for income tax:	(27)	60
(f) Other current liabilities not listed in (a) to (e):	32	28
(g) Total current liabilities (sum of (a) to (f)).	540	756
8 Non-current liabilities		
(a) Payables and accruals:	0	0
(b) Borrowings:	1,100	1,000
(c) Deferred tax:	(10)	(9)
(d) Other non-current liabilities not listed in (a) to (c):	0	0
(e) Total non-current liabilities (sum of (a) to (d)).	1,090	991
9 Equity		
(a) Shareholders' equity-		
(i) Share capital:	1	1
(ii) Retained earnings:	1,962	2,392
(iii) Reserves:	21,273	12,510
(iv) Total Shareholders' equity (sum of (i) to (iii)).	23,236	14,903
(b) Minority interests in subsidiaries:	0	0
(c) Total equity (sum of (a) and (b)):	23,236	14,903
(d) Capital notes:	0	0
(e) Total capital funds (sum of (c) and (d)).	23,236	14,903
10 Total equity and liabilities (7(g)+8(e)+9(e)).	24,866	16,650

Statement of Financial Performance

	2005 \$(000)	2004 \$(000)
11 Operating revenue		
(a) Revenue from line / access charges:	6,798	6,532
(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:	47	68
(d) AC loss-rental rebates:	126	230
(e) Other revenue not listed in (a) to (d):	65	78
(f) Total operating revenue (sum of (a) to (e)).	7,036	6,908

		2005 \$(000)	2004 \$(000)
12	Operating expenditure		
(a)	Payment for transmission charges:	1,797	1,759
(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):	0	0
(viii)	Total transfer payment to the "Other" business (sum of (i) to (vii)):	0	0
(c)	Expense to entities that are not related parties for-		
(i)	Asset maintenance:	485	348
(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)):	485	348
(d)	Employee salaries, wages, and redundancies:	291	281
(e)	Consumer billing and information system expense:	0	0
(f)	Depreciation on-		
(i)	System fixed assets:	905	566
(ii)	Other assets not listed in (i):	33	25
(iii)	Total depreciation (sum of (i) and (ii)):	938	591
(g)	Amortisation of-		
(i)	Goodwill:	0	0
(ii)	Other intangibles:	0	0
(iii)	Total amortisation of intangibles (sum of (i) and (ii)):	0	0
(h)	Corporate and administration:	487	571
(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:	73	134
(o)	Donations:	0	0
(p)	Directors' fees:	58	52
(q)	Auditors' fees:		
(i)	Audit fees paid to principal auditors:	14	13
(ii)	Audit fees paid to other auditors:	0	0
(iii)	Fees paid for other services provided by principal and other auditors:	3	4
(iv)	Total auditors' fees (sum of (i) to (iii)):	17	17
(r)	Costs of offering credit:		
(i)	Bad debts written off:	0	0
(ii)	Increase in estimated doubtful debts:	0	0
(iii)	Total cost of offering credit (sum of (i) to (ii)):	0	0
(s)	Local authority rates expense:	11	9
(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	Total operating expenditure (sum of 12(a) to 12(x)).	4,157	3,762
14	Operating surplus before interest and income tax (11(f)-13).	2,879	3,146
15	Interest expense		
(a)	Interest expense on borrowings:	52	86
(b)	Financing charges related to finance leases:	0	0
(c)	Other interest expense not listed in (a) or (b):	0	0
(d)	Total interest expense (sum of (a) to (c)):	52	86
16	Operating surplus before income tax (14-15(d))	2,827	3,060
17	Income tax	1,057	860
18	Net surplus after tax (16-17)	1,770	2,200

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	2,879							
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIT)	2,879							
Interest on cash, bank balances, and short-term investments (ISTI)	47							
OSBIT minus ISTI	2,832	a		2,832				2,832
Net surplus after tax from financial statements	1,770							
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	1,770	n				1,770		
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)	905							
Depreciation of SFA at ODV (y)	668							
ODV depreciation adjustment	237	d	add	237	add	237	add	237
Subvention payment tax adjustment	-	s*t			deduct	0	deduct	0
Interest tax shield	2	q					deduct	2
Revaluations	-	r					add	0
Income tax	1,057	p					deduct	1,057
Numerator				3,069		2,007		2,010
				OSBIT ^{ADJ} = a + g + s + d		NSAT ^{ADJ} = n + g + s - s*t + d		T ^{ADJ} = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	14,994							
Fixed assets at end of current financial year (FA ₁)	24,057							
Adjusted net working capital at end of previous financial year (ANWC ₀)	97							
Adjusted net working capital at end of current financial year (ANWC ₁)	192							
Average total funds employed (ATFE) (or requirement 32 time-weighted average)	19,670	c		19,670				19,670
Total equity at end of previous financial year (TE ₀)	14,903							
Total equity at end of current financial year (TE ₁)	23,236							
Average total equity (or requirement 32 time-weighted average)	19,070	k				19,070		
WUC at end of previous financial year (WUC ₀)	518							
WUC at end of current financial year (WUC ₁)	512							
Average total works under construction (or requirement 32 time-weighted average)	515	e	deduct	515	deduct	515	deduct	515
Revaluations	-	r						
Half of revaluations	-	r/2					deduct	0
Intangible assets at end of previous financial year (IA ₀)	-							
Intangible assets at end of current financial year (IA ₁)	-							
Average total intangible asset (or requirement 32 time-weighted average)	-	m			deduct	0		
Subvention payment at end of previous financial year (S ₀)	-							
Subvention payment at end of current financial year (S ₁)	-							
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 _{bv0})	13,547							
System fixed assets at end of current financial year at book value (SFA _{bv1})	22,243							
Average value of system fixed assets at book value (or requirement 32 time-weighted average)	17,895	f	deduct	17,895	deduct	17,895	deduct	17,895
System Fixed assets at year beginning at ODV value (SFA _{odv0})	19,393							
System Fixed assets at end of current financial year at ODV value (SFA _{odv1})	19,522							
Average value of system fixed assets at ODV value (or requirement 32 time-weighted average)	19,458	h	add	19,458	add	19,458	add	19,458
Denominator				20,718		20,117		20,718
Financial Performance Measure:				ATFE ^{ADJ} = c - e - f + h		DJ = k - e - m + v - f + h		FFE ^{ADJ} = c - e - 1/2r - f + h
				14.8		10.0		9.7
				ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100		ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100		ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100

t = maximum statutory income tax rate applying to corporate entities bv = book value ave = average odv = optimised deprival valuation subscript '0' = end of the previous financial year
 subscript '1' = end of the current financial year ROF = return on funds ROE = return on equity ROI = return on investment

NELSON ELECTRICITY LIMITED
PERFORMANCE MEASURES

PREPARED IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION DISCLOSURE) REQUIREMENTS 2004

	2005	2004	2003	2002	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.				
(a) Return on Funds	14.8%	16.6%	20.7%	24.1%	17.4%
(b) Return on Equity	10.0%	11.7%	13.0%	14.7%	10.6%
(c) Return on Investment	9.7%	57.0%	12.8%	14.0%	8.8%
2 Efficiency Performance Measures					
(a) Direct Line Costs per Kilometre	\$2,639	\$2,536	\$2,864	\$1,884	\$2,261
(b) Indirect line costs per Consumer	\$89	\$92	\$84	\$118	\$149
1 Energy Delivery Efficiency Performance Measures					
(a) Load Factor	58.5%	56.1%	57.7%	55.0%	58.7%
(b) Loss Ratio	5.0%	5.8%	5.8%	2.5%	4.9%
(c) Capacity Utilisation	37.2%	36.8%	37.6%	39.0%	37.6%
2 Statistics					
(a) System Length Break Down in Kilometres					
33kV	11	11	17	17	21
11kV	78	78	78	78	77
LV	153	151	147	146	145
Total	242	240	242	241	243
(b) Circuit Length of Overhead System in Kilometres					
33kV	1	1	7	8	11
11kV	8	8	9	9	9
LV	27	28	25	25	25
Total	36	37	41	42	45
(c) Circuit Length of Underground System in Kilometres					
33kV	10	10	10	10	10
11kV	70	69	69	68	68
LV	126	123	122	121	120
Total	206	202	201	199	198
(d) Transformer Capacity in kVA	80920	81,005	79,100	78,190	76,540
(e) Maximum demand in kW	30120	29,800	29,767	30,470	28,800
(f) Total Electricity supplied from the System in kWh	154295704	146,420,659	150,532,170	146,924,719	148,097,417
(g) Total Electricity Conveyed through the System on behalf of each generator and retailer in kWh					
Retailer A	98252944	98,433,829	110,038,068	116,967,198	126,945,263
Retailer B	23913677	21,734,016	20,725,835	17,346,953	7,793,122
Retailer C	20455452	15,066,831	8,381,913	3,294,004	4,463,743
Retailer D	3389660	1,961,175	1,969,082	2,723,393	1,390,788
Retailer E	623124	474,878	1,219,138	3,049,344	298,065
(h) Total Consumers	8876	8,735	8,614	8,575	8,579
Reliability Performance Measures					
1 Number of interruption by class	2005	2004	2003	2002	2001
Class Description	number of interruptions				
A Transpower Planned	-	-	-	-	-
B Nelson Electricity Planned	25	10	22	9	9
C Nelson Electricity Unplanned	13	7	13	7	6

	D	Transpower Unplanned	-	-	-	-	-
	E	ECNZ Unplanned	-	-	-	-	-
	F	Other Generation	-	-	-	-	-
	G	Unplanned Other Line Owner	-	-	-	-	-
	H	Planned Other Line Owner	-	-	-	-	-
	I	Other	-	-	-	-	-
		Total	38	17	35	16	15
2/3	Interruption targets for the average of the next five years					2007-2010	2006
	Class Description						
(a)	B	Nelson Electricity Planned				25	25
(b)	C	Nelson Electricity Unplanned				8	8
4	Percentage of Class C interruptions not restored within:		2005	2004	2003	2002	2001
	% of total class interruptions						
(a)	Three hours		15.4%	5.9%	7.7%	14.0%	0.0%
(b)	24 hours		0.0%	0.0%	0.0%	0.0%	0.0%
5	Faults (Class C) per 100 kilometres						
(a)	Total number of faults per 100 km			2004	2003	2002	2001
	Voltage						
	33 kV		-	-	11.5	-	4.8
	11kV		16.6	9.1	14.0	3.9	2.6
	Total		14.7	8.0	13.6	3.9	3.1
(b/c)	Average total number of faults per 100 km for the next five years					2007-2010	2006
	Voltage		average total number of faults per 100 kms each year over this period				
	33 kV					3.8	3.8
	11kV					3.8	3.8
	Total					3.8	3.8
6	Faults (Class C) per 100 kilometres underground						
	Voltage		2005	2004	2003	2002	2001
	33 kV		-	-	-	-	-
	11kV		15.7	7.2	8.7	2.9	1.5
	Total		13.8	6.3	7.6	2.9	1.3
7	Faults (Class C) per 100 kilometres overhead						
	Voltage		2005	2004	2003	2002	2001
	33 kV		-	-	26.8	-	9.1
	11kV		23.9	25.0	54.3	10.9	11.1
	Total		22.1	22.2	42.0	10.9	10.0
8	SAIDI Customer Minutes		2005	2004	2003	2002	2001
			51.0	53.2	99.6	38.7	41.0
9/10	SAIDI target					2007-2010	2006
	average SAIDI for each year over this period						
(a)	Class B					10.0	10.0
(b)	Class C					20.0	20.0
11	SAIDI per interruption class		2004	2003	2002	2001	
	Class Description		customer minutes				
	A Transpower Planned		-	-	-	-	
	B Nelson Electricity Planned		12.5	6.6	27.4	0.6	
	C Nelson Electricity Unplanned		38.6	46.6	72.1	38.1	
	D Transpower Unplanned		-	-	-	-	
	E ECNZ Unplanned		-	-	-	-	
	F Other Generation		-	-	-	-	
	G Unplanned Other Line Owner		-	-	-	-	
	H Planned Other Line Owner		-	-	-	-	
	I Other		-	-	-	-	

12	SAIFI	2005	2004	2003	2002	2001
	Total Interruptions	0.8	0.8	1.4	1.0	1.8
13/14	SAIFI target				2007-2010	2006
					average SAIFI for each year over this period	
(a)	Class B Planned				0.3	0.3
(b)	Class C Unplanned				0.6	0.6
15	SAIFI per interruption class	2005	2004	2003	2002	2001
	Class Description			customer minutes		
	A Transpower Planned	-	-	-	-	-
	B Nelson Electricity Planned	0.1	0.3	0.0	0.1	0.1
	C Nelson Electricity Unplanned	0.8	0.5	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	2005	2004	2003	2002	2001
	Customer minutes	61.1	70.7	69.6	40.5	23.0
17	CAIDI target				2007-2010	2006
					average CAIDI for each year over this period	
(a)	Class B Planned				50.0	50.0
(b)	Class C Unplanned				41.7	41.7
19	CAIDI per interruption class	2005	2004	2003	2002	2001
	Class Description			customer minutes		
	A Transpower Planned	-	-	-	-	-
	B Nelson Electricity Planned	142.3	23.4	171.1	134.5	217.5
	C Nelson Electricity Unplanned	51.6	99.5	57.0	40.1	16.4
	D Transpower Unplanned	-	-	-	-	-
	E ECNZ Unplanned	-	-	-	-	-
	F Other Generation	-	-	-	-	-
	G Unplanned Other Line Owner	-	-	-	-	-
	H Planned Other Line Owner	-	-	-	-	-
	I Other	-	-	-	-	-