

Pylon Limited

Interim Financial Statements

for Six Months Ended 30 September 2020

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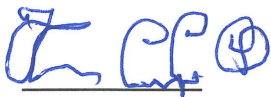
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Pylon Limited
Directors' Approval
for Six Months Ended 30 September 2020

Directors' Approval

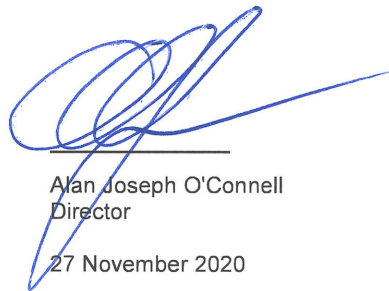
The Directors have approved for issue the Financial Statements of Pylon Ltd for the six months ended 30 September 2020 presented on pages 3 to 11.

For and on behalf of the Board.



Thomas Campbell
Chair

27 November 2020



Alan Joseph O'Connell
Director

27 November 2020

Pylon Limited
Statement of Financial Performance
for Six Months Ended 30 September 2020

		GROUP		
		Six Months Ended 30 September 2020 \$'000	Six Months Ended 30 September 2019 \$'000	Year Ended 31 March 2020 \$'000
	Notes			
Other Income		-	-	-
Other Expenses		-	-	(680)
Operating Expenses		-	-	-
Share of Profit of Associates and Joint Ventures	3	<u>2,893</u>	<u>2,904</u>	<u>7,783</u>
Operating Surplus Before Taxation		2,893	2,904	7,103
Taxation Expense		<u>(570)</u>	<u>(700)</u>	<u>(928)</u>
Net Surplus After Taxation		<u>2,323</u>	<u>2,204</u>	<u>6,175</u>

The accompanying notes on pages 8 to 11 form part of and should be read in conjunction with these financial statements.



Pylon Limited
Statement of Comprehensive Income
for Six Months Ended 30 September 2020

		GROUP		
		Six Months Ended 30 September 2020 \$'000	Six Months Ended 30 September 2019 \$'000	Year Ended 31 March 2020 \$'000
Net Surplus After Taxation		2,323	2,204	6,175
Other Comprehensive Income				
- Revaluation	3	-	-	2,321
Total Other Comprehensive Income		-	-	2,321
Total Comprehensive Income		<u>2,323</u>	<u>2,204</u>	<u>8,496</u>

The accompanying notes on pages 8 to 11 form part of and should be read in conjunction with these financial statements.



Pylon Limited
Statement of Changes in Equity
for Six Months Ended 30 September 2020

		GROUP		
		Six Months Ended 30 September 2020 \$'000	Six Months Ended 30 September 2019 \$'000	Year Ended 31 March 2020 \$'000
	Notes			
Total Comprehensive Income				
Net Surplus for the Period		2,323	2,204	6,175
Other Comprehensive Income	3	<u>-</u>	<u>-</u>	<u>2,321</u>
		2,323	2,204	8,496
Distributions to Shareholders				
Dividend Declared/Paid	2	<u>-</u>	<u>(2,649)</u>	<u>(2,649)</u>
		-	(2,649)	(2,649)
Changes in Equity for the Period		<u>2,323</u>	<u>(445)</u>	<u>5,847</u>
Equity at Beginning of the Period		<u>40,861</u>	<u>35,014</u>	<u>35,014</u>
Equity at End of the Period		<u><u>43,184</u></u>	<u><u>34,569</u></u>	<u><u>40,861</u></u>

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Pylon Limited
Statement of Financial Position
As at 30 September 2020

		GROUP		
		Six Months Ended 30 September 2020 \$'000	Six Months Ended 30 September 2019 \$'000	Year Ended 31 March 2020 \$'000
	Notes			
ASSETS				
Non Current Assets				
Investment in Associates		5,070	1,599	4,966
Investments in Joint Ventures	3	<u>90,524</u>	<u>84,250</u>	<u>89,318</u>
Total Non Current Assets		<u>95,594</u>	<u>85,849</u>	<u>94,284</u>
Total Assets		<u>95,594</u>	<u>85,849</u>	<u>94,284</u>
LIABILITIES				
Current Liabilities				
Income Tax Payable		828	487	403
Trade Payables		<u>-</u>	<u>370</u>	<u>-</u>
Total Current Liabilities		<u>828</u>	<u>857</u>	<u>403</u>
Non Current Liabilities				
Deferred Tax Liabilities		7,962	6,727	7,817
Shareholder Advance		<u>43,620</u>	<u>43,696</u>	<u>45,203</u>
Total Non Current Liabilities		<u>51,582</u>	<u>50,423</u>	<u>53,020</u>
Total Liabilities		<u>52,410</u>	<u>51,280</u>	<u>53,423</u>
Net Assets		<u>43,184</u>	<u>34,569</u>	<u>40,861</u>
EQUITY				
Share Capital	2	26,901	26,901	26,901
Reserves		12,067	9,746	12,067
Retained Earnings		<u>4,216</u>	<u>(2,078)</u>	<u>1,893</u>
Total Equity		<u>43,184</u>	<u>34,569</u>	<u>40,861</u>

The accompanying notes on pages 8 to 11 form part of and should be read in conjunction with these financial statements.

Pylon Limited
Statement of Cash Flows
for Six Months Ended 30 September 2020

	GROUP		
	Six Months Ended 30 September 2020 \$'000	Six Months Ended 30 September 2019 \$'000	Year Ended 31 March 2020 \$'000
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Was Disbursed To:			
Payments to Suppliers	-	-	(370)
Income Tax Paid	-	-	(806)
	-	-	(806)
Net Cash Outflows From Operating Activities	4	-	(1,176)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Was Provided From:			
Associate and Joint Venture Investments	2,508	2,649	6,223
	2,508	2,649	6,223
Cash Was Applied To:			
Investment in Joint Ventures	925	(6,162)	(6,705)
Investment in Associates	-	-	(3,362)
	925	(6,162)	(10,067)
Net Cash Flows/ (Outflows) From Investing Activities	1,583	(3,513)	(3,844)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Was Provided From:			
Shareholder Advance	925	6,162	11,242
	925	6,162	11,242
Cash Was Applied To:			
Dividend Payment	-	(2,649)	(2,649)
Repayment of Shareholder Advance	(2,508)	-	(3,573)
	(2,508)	(2,649)	(6,222)
Net Cash Flows/ (Outflows) From Financing Activities	(1,583)	3,513	5,020
Net Increase/(Decrease) in Cash and Cash Equivalents Held	-	-	-
Add Opening Cash Brought Forward	-	-	-
Closing Cash and Cash Equivalents Carried Forward	-	-	-

The accompanying notes on pages 8 to 11 form part of and should be read in conjunction with these financial statements.



1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Pylon Ltd is a profit oriented limited liability company that was incorporated in New Zealand on 10 June 2002, is registered under the Companies Act 1993, and whose registered office is at 251 Racecourse Road, Invercargill. Pylon Ltd is a wholly owned subsidiary of Electricity Invercargill Ltd. The Group consists of Pylon Ltd and its interest in associates and jointly controlled entities.

The financial statements have been prepared in accordance with the requirements of the Energy Companies Act 1992, the Companies Act 1993 and the Financial Reporting Act 2013. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and comply with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), and other reporting standards as appropriate for profit oriented entities.

The principal activity of Pylon Ltd is that of participating in investments in the electricity sector.

The financial statements were approved by the Board of Directors on 27 November 2020.

Basis of Preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Group, with the exception that certain property, plant and equipment has been revalued to fair value.

The Group is eligible and has elected to report in accordance with Tier 2 for-profit accounting standards, NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR) by virtue of the fact that it has no public accountability and it is not a large for-profit public sector entity.

In adopting the Reduced Disclosure Regime framework, the Group has taken advantage of a number of disclosure concessions.

The accounting policies adopted are consistent with those followed in the preparation of the Group's Financial Statements for the year ended 31 March 2020.

Impact of COVID-19 on Financial Statements

The COVID-19 pandemic has no material adverse effect on the Group's financial performance. Substantially all of the Group's revenue is derived from electricity distribution and generation activities which were deemed an essential service.

Having considered the potential impact of COVID-19 on the business, we believe no significant changes to the presentation of the financial statements are required.

New Standards Adopted

The Group has applied the following standard for the first time for their annual reporting period commencing 1 April 2019:

- NZ IFRS 16 Leases

The Group has elected to apply NZ IFRS 16 Leases in accordance with the transition provisions in NZ IFRS 16. The new standard has been adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 April 2019.

Pylon does not have any agreements or contracts that meet the definition of a lease under NZ IFRS 16. The Group impact of change in accounting policy relating to NZ IFRS 16 are due to contracts held within joint ventures and associate. These joint ventures and associate financial statements are consolidated in the Group financial statements through the equity accounting method, not requiring further lease accounting disclosure.



4 Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows

The following is a reconciliation between the net surplus after taxation shown in the Statements of Financial Performance and the Net Cash Flows From Operating Activities.

	GROUP		
	Six Months Ended 30 September 2020 \$'000	Six Months Ended 30 September 2019 \$'000	Year Ended 31 March 2020 \$'000
Net Surplus After Taxation	2,323	2,204	6,175
Plus/(Less) Non Cash Items:			
Deferred Taxation	145	135	322
Share of Profits of Associates and Joint Ventures	(2,893)	(2,904)	(7,783)
	<u>(2,748)</u>	<u>(2,769)</u>	<u>(7,461)</u>
Plus/(Less) Movements in Working Capital:			
Increase/(Decrease) in Payables	-	-	(370)
(Increase)/Decrease in Provision for Taxation	425	565	480
	<u>425</u>	<u>565</u>	<u>110</u>
Net Cash Outflows From Operating Activities	<u>-</u>	<u>-</u>	<u>(1,176)</u>

5 Capital Commitments

On 15 August 2017, the Group entered into a conditional agreement with the partners of Southern Generation Ltd Partnership to purchase the assets of a hydro generation development upon completion of construction. The Matiri hydro power station located at 15km north of Murchison, with a capacity of 7MW is due to be commissioned on December 2020.

6 Contingent Liabilities

There are no contingent liabilities as at 30 September 2020 (30 September 2019: Nil; 31 March 2020: Nil).

7 Transactions with Related Parties

Pylon Ltd is 100% owned by Electricity Invercargill Ltd.

Electricity Invercargill Ltd is 100% owned by Invercargill City Holdings Ltd. Invercargill City Holdings Ltd is a wholly owned subsidiary of the Invercargill City Council.

Pylon Ltd has an interest in PowerNet Ltd, OtagoNet Joint Venture, Electricity Southland Ltd, and Roaring Forties Ltd Partnership.

All transactions between Pylon Ltd and related parties relate to the normal trading activities of Pylon Ltd.

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

Material transactions between Pylon Ltd and the above-mentioned parties during the period are as follows:

	GROUP		
	Six Months Ended 30 September 2020 \$'000	Six Months Ended 30 September 2019 \$'000	Year Ended 31 March 2020 \$'000
Dividends Paid to:			
Electricity Invercargill Ltd (Parent)	-	2,649	2,649
Advances Provided from (Repaid to):			
Electricity Invercargill Ltd (Parent)	(1,583)	6,162	7,669

Other Related Parties

There have been no material transactions with Directors.

8 Subsequent Events

There are no other material subsequent events that have arisen since the end of the half financial year to the date of this report.

9 Seasonality

The Group's revenues and profits are generally evenly distributed throughout the year, hence the results are not subject to seasonality.