Electricity Invercargill Limited

Interim Financial Statements

For the six months ended 30 September 2024

Contents

Directors' Approval

The Directors have approved for issue the Financial Statements of Electricity Invercargill Ltd for the six months ended 30 September 2024 on pages 3 to 14.

For and on behalf of the Board.

Stephen Paul Lewis
Chair

29 November 2024

Peter James Heenan
Director

29 November 2024

Electricity Invercargill Limited
Statement of Service Performance
For the six months ended 30 September 2024

The objectives of Electricity Invercargill Ltd (EIL) for this financial year are clearly specified in the Statement of Intent, which was set in consultation with the Shareholders. The performance targets and measures identified in the Statement of Intent, along with the performance achieved during the financial year, are detailed below.

Performance Measures

	Target	Achievement		
	Year Ended 31 March 2024 $'000	Six Months Ended 30 September 2024 $'000	Six Months Ended 30 September 2023 $'000	Year Ended 31 March 2024 $'000
Financial				
Operating Surplus Before Taxation, Subvention and Non- operating Items (Gain on Sale)	5,931	3,647	4,942	7,242
Net Surplus After Taxation	13,358	16,067	3,712	4,031
Earnings Before Taxation, Interest, Subvention and Non-operating Items to Total Assets (EBIT%)	3.90 %	2.57 %	2.82 %	4.55 %
Return on Equity %	9.38 %	11.66 %	2.86 %	3.14 %
Equity to Total Assets %	66.77 %	64.92 %	52.85 %	51.87 %
Supply Quality				
System Average Interruption Duration Index (SAIDI) The average total time in minutes each customer connected to the network is without supply.				
SAIDI Planned	16.00	12.37	5.42	13.82
SAIDI Unplanned	13.70	6.73	8.36	11.24
System Average Interruption Frequency Index (SAIFI) The average number of times each customer connected to the network is without supply.				
SAIFI Planned	0.08	0.07	0.03	0.09
SAIFI Unplanned	0.29	0.08	0.19	0.30

SAIDI and SAIFI for planned and unplanned interruptions are calculated using the methodology defined in the Electricity Distribution Businesses DPP3 Determination 2020. SAIFI is calculated per interruption against the total network ICPs. Planned SAIDI is calculated in categories dependent on minutes occurring within or outside interruption windows, number of ICPs affected and total network ICPs – buckets are then summed to an assessed SAIDI value per interruption. Assessed SAIDI and SAIFI for unplanned interruptions include normalisation of major events for periods that exceed the DPP3 defined boundary values. The annual planned SAIFI and SAIDI figures are shown for comparison with targets, but planned SAIFI and SAIDI are assessed at the end of the five year DPP3 period.

	Target Year Ended 31 March 2024	Six Months Ended 30 September 2024	Six Months Ended 30 September 2023	Year Ended 31 March 2024
Health and Safety				
Total Recordable Injury Frequency Rate (TRIFR) Based on 12 months rolling average for PowerNet employees and contractors.				
TRIFR	3.10	1.80	1.00	1.00
Supplementary information				
Network Statistics				
Length of overhead line		53 km	53 km	53 km
Length of underground cable		613 km	612 km	612 km
Total number of interruptions		36	13	60
Faults per 100km of line		5.40	1.95	9.02
Transformer capacity MVA		158	156	158
Maximum demand MW		66	65	61
Energy into network GWh		161	155	268
Total consumers		17,742	17,627	17,694

Electricity Invercargill Limited
Statement of Financial Performance
For the six months ended 30 September 2024

	Notes	GROUP Six Months Ended 30 September 2024 $'000	Six Months Ended 30 September 2023 $'000	Year Ended 31 March 2024 $'000
Revenue from Contracts with Customers		11,210	10,473	18,925
Other Income		1,570	1,233	2,501
Operating Expenses		(8,734)	(8,198)	(16,215)
Operating Surplus		**4,046**	**3,508**	**5,211**
Finance Costs		(1,807)	(1,979)	(3,999)
Share of Profit of Associates and Joint Ventures	3	15,044	3,413	6,030
Net Surplus Before Taxation		**17,283**	**4,942**	**7,242**
Taxation Expense		(1,216)	(1,230)	(3,211)
Net Surplus After Taxation		**16,067**	**3,712**	**4,031**

The accompanying notes on pages 9 to 14 form part of and should be read in conjunction with these financial statements

Electricity Invercargill Limited
Statement of Comprehensive Income
For the six months ended 30 September 2024

	Notes	GROUP Six Months Ended 30 September 2024 $'000	Six Months Ended 30 September 2023 $'000	Year Ended 31 March 2024 $'000
Net Surplus After Taxation		**16,067**	**3,712**	**4,031**
Other Comprehensive Income				
- Revaluation	3,4	-	-	-
Other Comprehensive Income		-	-	-
Total Comprehensive Income		**16,067**	**3,712**	**4,031**

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Electricity Invercargill Limited
Statement of Changes in Equity
For the six months ended 30 September 2024

	Notes	GROUP Six Months Ended 30 September 2024 $'000	Six Months Ended 30 September 2023 $'000	Year Ended 31 March 2024 $'000
Total Comprehensive Income				
Net Surplus for the Period		16,067	3,712	4,031
Other Comprehensive Income	4	-	-	-
		16,067	3,712	4,031
Distributions to Shareholders				
Dividend Paid/Declared	2	(6,500)	-	(2,000)
		(6,500)	-	(2,000)
Changes in Equity for the Period		9,567	3,712	2,031
Equity at the Beginning of the Period		128,214	126,183	126,183
Equity at End of the Period		137,781	129,895	128,214

The accompanying notes on pages 9 to 14 form part of and should be read in conjunction with these financial statements.

Electricity Invercargill Limited
Statement of Financial Position
As at 30 September 2024

	Notes	GROUP 30 September 2024 $'000	30 September 2023 $'000	31 March 2024 $'000
ASSETS				
Current Assets				
Cash and Cash Equivalents		3,351	1,972	892
Receivables and Prepayments		2,409	2,518	2,627
		5,760	**4,490**	**3,519**
Assets Classified as Held for Sale	7	68,748	39,953	39,570
Total Current Assets		**74,508**	**44,443**	**43,089**
Non Current Assets				
Investments in Associates		-	6,389	6,283
Advances to Associates		6,558	6,055	6,690
Investments in Joint Ventures	3	-	60,992	61,172
Advances to Joint Ventures		7,320	6,564	7,064
Investments in Other Entities		247	118	247
Property, Plant and Equipment	4	117,730	117,823	119,263
Capital Work in Progress		5,855	3,410	3,371
Total Non Current Assets		**137,710**	**201,351**	**204,090**
Total Assets		**212,218**	**245,794**	**247,179**
LIABILITIES				
Current Liabilities				
Creditors and Accruals		3,080	2,855	3,373
Income Tax Payable		3,284	728	864
Total Current Liabilities		**6,364**	**3,583**	**4,237**
Non Current Liabilities				
Interest Bearing Liabilities		40,275	83,525	84,525
Deferred Tax Liabilities		27,798	28,791	30,203
Total Non Current Liabilities		**68,073**	**112,316**	**114,728**
Total Liabilities		**74,437**	**115,899**	**118,965**
Net Assets		**137,781**	**129,895**	**128,214**
EQUITY				
Share Capital	2	13,000	13,000	13,000
Reserves		51,017	51,108	51,017
Retained Earnings		73,764	65,787	64,197
Total Equity		**137,781**	**129,895**	**128,214**

The accompanying notes on pages 9 to 14 form part of and should be read in conjunction with these financial statements.

Electricity Invercargill Limited
Statement of Cash Flows
For the six months ended 30 September 2024

	Notes	GROUP Six Months Ended 30 September 2024 $'000	Six Months Ended 30 September 2023 $'000	Year Ended 31 March 2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Was Provided From:				
Receipts from Customers		11,880	10,904	20,191
Interest Received		899	519	1,103
		12,779	11,423	21,294
Cash Was Disbursed To:				
Payments to Suppliers and Employees		(6,289)	(6,158)	(11,423)
Income Tax Paid		(1,202)	(762)	(1,194)
Interest Paid		(1,868)	(1,968)	(3,979)
GST Received/ (Paid)		41	(12)	(43)
		(9,318)	(8,900)	(16,639)
Net Cash Flows From Operating Activities	5	**3,461**	**2,523**	**4,655**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash Was Provided From:				
Sale of Property, Plant and Equipment		3	2	27
Advances Repaid by Subsidiary		421	2,613	5,539
Advances Repaid by Associate & Joint Ventures		132	250	-
Proceeds From Sale of Investments		52,900	-	-
		53,456	2,865	5,566
Cash Was Applied To:				
Purchase of Property, Plant and Equipment		(3,452)	(3,435)	(7,332)
Investment in Other Entities		-	-	(130)
Advances to Associates and Joint Ventures		(256)	(517)	(1,403)
		(3,708)	(3,952)	(8,865)
Net Cash Flows/ (Outflows) from Investing Activities		**49,748**	**(1,087)**	**(3,299)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash Was Provided From:				
Shareholder Advances Received		-	-	500
		-	-	500
Cash Was Applied To:				
Repayment of Shareholder Advance		(44,250)	(500)	-
Dividend Payment		(6,500)	-	(2,000)
		(50,750)	(500)	(2,000)
Net Cash Flows/ (Outflows) From Financing Activities		**(50,750)**	**(500)**	**(1,500)**
Net Increase in Cash and Cash Equivalents Held		2,459	936	(144)
Add Opening Cash Brought Forward		892	1,036	1,036
Closing Cash and Cash Equivalents Carried Forward		**3,351**	**1,972**	**892**

The accompanying notes on pages 9 to 14 form part of and should be read in conjunction with these financial statements.

1 Statement of Accounting Policies

Reporting Entity
Electricity Invercargill Ltd is a profit oriented limited liability company, that was incorporated in New Zealand on 30 June 1991, is registered under the Companies Act 1993 and whose registered office is at 251 Racecourse Road, Invercargill. The Company is a wholly owned subsidiary of Invercargill City Holdings Ltd. The Group consists of Electricity Invercargill Ltd, its subsidiaries and its interest in associates and jointly controlled entities.

The condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the New Zealand equivalents to International Accounting Standard (NZ IAS) 34.

The principal activity of Electricity Invercargill Ltd is the provision of electricity distribution services.

The financial statements were approved by the Board of Directors on 29 November 2024.

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 a 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 non-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 if the Group's Financial Statements for the year ended 31 March 2024.

2 Share Capital and Dividends

The authorised and issued share capital comprises 13 million ordinary shares (30 September 2023 and 31 March 2024: 13 million ordinary shares) which are fully paid up and are not subject to a par value. All shares have the same rights and privileges.

	GROUP		
	Six Months Ended 30 September 2024 $'000	**Six Months Ended 30 September 2023 $'000**	**Year Ended 31 March 2024 $'000**
Share Capital	**13,000**	**13,000**	**13,000**
Retained Earnings			
Dividend Declared/Paid	(6,500)	-	(1,000)
	Cents per Share	**Cents per Share**	**Cents per Share**
Dividend per Share	2.00	-	7.69

3 Investments in Joint Ventures

In 2015, Roaring Forties Energy Ltd Partnership was formed in which the Group owns a 50% interest.

The Group held a 25% interest in the Southern Generation Ltd Partnership. This partnership was formed to invest in electricity generation opportunities. The partnership owns two wind farms, Mt. Stuart near Lawrence and Flat Hill near Bluff and six hydro stations, Aniwhenua Hydro Station on the Rangitaiki River in the Bay of Plenty, Upper Fraser Hydro Station near Alexandra, Matiri Hydro Station located at 15km north of Murchison, Matawai Hydro Station in Eastland area and, Mangapehi and Speedy's Road Hydro Stations located both in King Country area.

On 27 June 2024, the parties of the Roaring Forties Energy Ltd Partnership completed the sale of their 50% share of Southern Generation Ltd Partnership to Pioneer Energy Ltd. Following the completion of the sale transaction, management has initiated the process of dissolving the Roaring Forties Energy Ltd Partnership which is expected to be completed within the the current financial year.

Effective from 1 April 2016 the Group equity accounted its share of profits from the 50% owned joint venture entity, PowerNet Ltd to be consistent with the economic benefits the Group receives based on the PowerNet Ltd dividend policy. The equity accounted share of profit in PowerNet Ltd to 30 September 2024 is nil (31 March 2024: 26.84%).

4 Property, Plant and Equipment - Additions and Disposals

	GROUP		
	Six Months Ended 30 September 2024 $'000	**Six Months Ended 30 September 2023 $'000**	**Year Ended 31 March 2024 $'000**
Additions	967	2,262	6,197
Disposals	(45)	(40)	(200)

The network assets of Electricity Invercargill Ltd were revalued to fair value using discounted cash flow methodology on 31 March 2023 by Ernst & Young, who is an independent valuer. This resulted in a favourable revaluation movement of $11,814,000 ($8,506,000 after tax).

The major assumptions used include discount rate, growth rate and future cash flows. Changes in future cash flows arising from changes in regulatory review may result in the fair value of the electricity distribution network being different from previous estimates. The fair value measurement of the distribution network is categorised under Level 3 of the fair value hierarchy.

5 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 Statement of Financial Performance and the Net Cash Flows From Operating Activities.

	GROUP		
	Six Months Ended 30 September 2024 $'000	**Six Months Ended 30 September 2023 $'000**	**Year Ended 31 March 2024 $'000**
Net Surplus After Taxation	16,067	3,712	4,031
Plus/(Less) Non Cash Items:			
Depreciation and Amortisation	2,455	2,409	4,842
Deferred Taxation	(2,405)	65	1,477
Loss on Sale of Property, Plant and Equipment	41	38	78
Share of Profit of Associates and Joint Ventures	(15,044)	(3,413)	(6,030)
	(14,953)	(901)	367
Plus/(Less) Movements in Working Capital:			
Increase/(Decrease) in Payables and Accruals	(293)	(432)	86
(Increase)/Decrease in Receivables	220	(256)	(365)
Increase/(Decrease) in Provision for Taxation	2,420	400	536
	2,347	(288)	257
Net Cash Flows From Operating Activities	**3,461**	**2,523**	**4,655**

6 Commitments

Capital Commitments

The Group has capital expenditure contracted for but not provided for in the financial statements. All capital commitments are with PowerNet Ltd.

	GROUP		
	30 September 2024 $'000	**30 September 2023 $'000**	**31 March 2024 $'000**
Capital Commitments	1,861	2,362	2,053

7 Asset Classified as Held for Sale

The Power Company Limited and Electricity Invercargill Limited (EIL) entered into an agreement regarding EIL's sale of it's 100% owned subsidiary Pylon Limited (Pylon) and along with all it's investments. Settlement has been agreed on 29 November 2024 and the sale of Pylon upon completion will include the 50% shareholding of PowerNet Limited, 24.9% shareholding of OtagoNet Joint Venture and 24.9% shareholding of Lakeland Network Limited.

The EIL's investment in Pylon has been classified as Assets Classified as Held for Sale. The investment held for sale was measured at lower of its carrying amount and fair value less costs to sell at balance sheet dates or at the time of the reclassification. There was no decrease in the carrying value of the investment arising from the reclassification and therefore, no expense was recognised in the Statement of Financial Performance.

8 Transactions with Related Parties

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.

Electricity Invercargill Ltd has an interest in PowerNet Ltd, OtagoNet Joint Venture, Lakeland Network Ltd and Roaring Forties Energy Ltd Partnership through their wholly owned subsidiary Pylon Ltd.

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

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

Material transactions Electricity Invercargill Ltd has had with the above-mentioned parties during the year are as follows:

	GROUP		
	Six Months Ended 30 September 2024 $'000	**Six Months Ended 30 September 2023 $'000**	**Year Ended 31 March 2024 $'000**
Goods and Services Supplied to:			
PowerNet Ltd (Joint Venture)	287	315	586
Lakeland Network Ltd (Associate)	284	254	534
Receivables Outstanding at Balance Date			
PowerNet Ltd (Joint Venture)	145	177	146
Lakeland Network Ltd (Associate)	137	130	143
Goods and Services Supplied by:			
PowerNet Ltd (Joint Venture)	6,098	5,958	12,034
Invercargill City Holdings Ltd (Other Related Party)	1,889	2,062	4,164
Creditors Outstanding at Balance Date			
PowerNet Ltd (Joint Venture)	1,869	1,722	2,381
Invercargill City Holdings Ltd (Other Related Party)	170	221	230
Dividends Paid to:			
Invercargill City Holdings Ltd (Other Related Party)	6,500	-	2,000
Advances Provided to (Repaid by):			
PowerNet Ltd (Joint Venture)	256	(250)	250
Lakeland Network Ltd (Associate)	(132)	517	1,153
Pylon Ltd (Subsidiary)	(35,058)	(2,613)	(4,529)
Advances Repaid to (Provided from):			
Invercargill City Holdings Ltd (Other Related Party)	44,250	500	500

Other Related Parties
There have been no material transactions with Directors.

9 Subsequent Events

The Power Company Limited and Electricity Invercargill Limited (EIL) entered into an agreement regarding EIL's sale of it's 100% shareholding in Pylon Limited and along with all it's investments. Settlement has been agreed on 29 November 2024.

There are no further subsequent events that have arisen since 30 September 2024 to the date of this report.

10 Seasonality

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