

The new city energy company

[Business](#), [Company](#)



The New City Energy Company has the sole objective of yielding capital growth to the benefit of the shareholders. In addition, it seeks to make income for remittance to the shareholders. The Company invests in securities ranging from shares to convertibles of commercial institutions that either explore, develop or produce any form of energy or those, that offer any services related to the energy sector. In particular, it targets companies that deal with the gas or oil industry. Furthermore, the company belongs to the closed-ended types of investment companies and operates mainly in the state of New Jersey. Currently its shares officially listed in the " Channel Islands Stock Exchange", as well as in the " Stock Exchange Electronic Trading Service". (New City Energy Company, p. 4)

The general performance of the company has been good over the years. As of September 2010, the asset value and the share prices of the company performed quite well in the opinion of the chairman of the company. As a matter of fact, the net asset value stood at 70p, while the share price for the company was on upward move rising by 46. 5%. This was attributed to the tremendous work done by the Board of Directors, as well as the Managers, who went out of their way to minimize the cost of production and increase returns exponentially. (New City Energy Company, p. 17)

A significant part of the success was due to the valuable advice of the financial advisors. According to them, oil prices were generally holding well in the market, thus minimizing the incurrence of extra costs. The actual measurements done by the " West Texas Intermediate Crude" indicated that a barrel traded at a range of US \$70 and US \$80 most of the period, ending in September 2011. It was generally acknowledged in this report that the <https://assignbuster.com/the-new-city-energy-company/>

new policies introduced by the managers to identify and inject money only into the energy companies with superb growth patterns, actually bore fruits worth being proud of. It was indeed due to these timely policies that a variety of investments in the portfolio showed strongly, as the prospects for growth got obvious recognition in the market. Besides New City Energy Company, the Rock -Hopper Exploration, Rialto Energy Limited, Pacific Rubiales Energy Corporation also recorded considerable amounts of income as well as general growth in their capitals over the same period of time. Buoyed by these good prospects, the managers have continued to put up a brave face predicting even better times in the future. (New City Energy Company, p. 8)

Indeed, this belief is not at all misplaced. It is generally an agreed fact that demand has continued to record a greater increase as compared to supply, a trend that is likely to hold for quite some time. Ideally, it is highly anticipated that those companies that demonstrate capability to multiply their reserves, as well as their production, would likely perform extremely well under the prevailing market conditions. However, it has always been noted that in preparing the financial statements it is required of the management to make sound judgments on estimates, which will directly or indirectly affect the use of the accounting policies in the day to day business. This is basically to avoid discrepancies in the actual results and the business estimates. (New City Energy Company, p. 15).

Moreover, the value of the company assets has taken an upward trend. The record as at September 30, 2010 put this value at a wobbling ? 3, 031, 562 down from ? 2, 955, 228. However, it must be understood that these

investments were not rated based on the exchange but rather on the professional judgement of the Investment Adviser of the company as well as the Board of Directors of the Company. Notably, it was quite of importance to gather enough information on the very significant areas that involve a lot of estimation and a great extent of business uncertainty, as they require critical analysis before they can be applied. (New City Energy Company, p. 25).

New City Energy Company has been hailed as a highly efficient company. Perhaps this is why its liquidity is quite impressive. Taking for instance the period running from October 2008 through September 2009, the financial standing of the company was quite remarkable. This included the total value put on the reference assets being withheld within the “ portfolio swap”. There was a tremendous increase to a total notional value of the company assets of ? 7, 323, 083 that sent the managing team smiling all the way to banks. These were exclusively the components of the sub-category otherwise known as ‘ Investments Held at Fair Value through Profit or Loss’. Further, the financial position of the company also took note of the total potential level of liabilities that the company had with respect to the counterparty contingent, particularly on the part of the portfolio swap that stood at ? 7, 305, 601. (New City Energy Company, p. 23)

The investor ratio of the company generally had a bias in that it focused more on the ordinary shareholders. In respect to their shares, the net asset value that was assigned on a share at the date of reporting was calculated by summing up the assets included in the Statement of Financial Position

and the resulting value divided by the ordinary shares that were issued at the time of the report compilation. (New City Energy Company p. 40).

In this respect, it can be rightly concluded that the Rock -Hopper Exploration and the Rialto Energy Limited that were regarded as the closest competitors of the New City Energy Company, did not match their financial advances in this period. Conversely, this may be explained in terms of efficiency, whereby it appears that none of the closest rivals of this company were able to reach or supersede the quality standards of the products and services offered by the company over the same period of time. Honour has to be given to the employees working so hard on the fields, offices and, of course, to the wise decisions of the management team. (New City Energy Company, p. 30).