

# New Zealand Gazette

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OF THURSDAY, 24 AUGUST 1995

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## POWER COMPANIES

### INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994

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# ELECTRO POWER LIMITED

**Electro Power Limited****Electricity (Information Disclosure) Regulations 1994****Statutory Declaration In Respect Of Statements And Information  
Supplied To Secretary Of Commerce**

I, Michael Ludbrook, of Green Road, Awahuri, being a Director of Electro Power Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public pursuant to the Electricity (Information Disclosure) Regulations 1994.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

*Michael Ludbrook*

Declared at *Pahmanta NH* this *3rd* day of *August* 1995.

*J. Maassen*

Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration)

**JOHN MAASSEN**  
(Barrister & Solicitor of  
High Court of New Zealand)

**Electro Power Limited**

**Electricity (Information Disclosure) Regulations 1994**

**Regulation 6**

**Financial Statement Disclosure For The**

*Line Business*

*Pages 2 - 10*

*Electricity Retailing Business*

*Pages 11 - 18*

<b>Electro Power Limited</b>
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**Line Business**

**Statement of Financial Performance  
for the Year Ended 31 March 1995**

	Note	1995 \$'000
Operating revenues	1	12,549
Operating expenses	2	<u>10,407</u>
<b>OPERATING PROFIT BEFORE INTEREST, TAXATION AND SUBVENTION PAYMENTS</b>		2,142
Subvention payments		<u>304</u>
<b>NET PROFIT BEFORE INTEREST AND TAXATION</b>		1,838
Net Interest expense		<u>418</u>
<b>NET PROFIT BEFORE TAXATION</b>		1,420
Taxation expense	3	<u>409</u>
<b>NET PROFIT AFTER TAXATION</b>		1,011
Retained earnings at beginning of year		<u>1,484</u>
Total available for appropriation		2,495
Dividends paid and proposed		<u>738</u>
<b>RETAINED EARNINGS AT END OF PERIOD</b>		<u><u>1,757</u></u>

The Statement of Accounting Policies and the Accompanying Notes on Pages 4 to 10 form part of and are to be read in conjunction with these Financial Statements.

<b>Electro Power Limited</b>
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**Line Business**

**Statement of Financial Position  
as at 31 March 1995**

	Note	1995 \$'000
<b>SHAREHOLDERS' FUNDS</b>		
Share capital	4	12,345
Retained earnings		1,757
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>14,102</u>
<b>Represented by:</b>		
<b>CURRENT ASSETS</b>		
Short term deposits	5	1,100
Accounts receivable	6	1,203
Inventory		354
<b>TOTAL CURRENT ASSETS</b>		<u>2,657</u>
<b>FIXED ASSETS</b>	7	19,711
<b>TOTAL ASSETS</b>		<u>22,368</u>
<b>CURRENT LIABILITIES</b>		
Bank overdraft		69
Sundry creditors	8	1,382
Provision for dividends		40
Provision for taxation		275
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,766</u>
<b>LONG TERM LIABILITIES</b>	9	6,500
<b>TOTAL LIABILITIES</b>		<u>8,266</u>
<b>NET ASSETS</b>		<u>14,102</u>

The Statement of Accounting Policies and the accompanying Notes on Pages 4 to 10 form part of and are to be read in conjunction with these financial statements.

# Electro Power Limited

## Line Business

### Statement Of Accounting Policies

#### 1. BASIS OF REPORTING

The financial statements of Electro Power Limited have been drawn up in accordance with the requirements of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

#### 2. GENERAL ACCOUNTING POLICIES

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Company. Accrual accounting is used to match expenses and revenues. Reliance is placed on the fact that the Company is a going concern.

#### 3. PARTICULAR ACCOUNTING POLICIES

The following particular accounting policies which materially affect the measurement of profit and the financial position have been applied:

##### (a) Income Recognition

###### i. Electricity Sales:

Electricity sales recognise actual amounts billed during the financial year, together with an adjustment for the value of unread meters, both at the beginning and end of the financial year.

###### ii. Capital contributions from consumers:

Capital contributions received from consumers are included as income in the Statement of Financial Performance.

##### (b) Fixed Assets

Fixed assets are valued at the cost at which they were purchased from the Palmerston North City Council on 31 December 1992, adjusted for subsequent additions, disposals and depreciation.

##### (c) Depreciation

Depreciation is calculated to write off the cost of the fixed assets over their expected useful lives.

# Electro Power Limited

## Line Business

### Statement Of Accounting Policies

Fixed assets are depreciated on the following basis:

i. Assets acquired since 31 December 1992:

Distribution	2.5%	Straight Line
Buildings	2.0%	Straight Line
Computers	25%	Straight Line
Motor Vehicles	25%	Diminishing Value
Mobile Plant	15%	Straight Line
Furniture & Fittings	15%	Straight Line
Plant & Equipment	10%	Straight Line

ii. Assets purchased from Palmerston North City Council:

Management have assessed the remaining useful lives of these assets and they have been depreciated accordingly.

Land and Capital work in progress are not depreciated.

Depreciation of distribution lines commences when the assets are physically complete and livened.

When depreciated assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gains or losses on disposal are recognised in the Statement of Financial Performance.

**(d) Investments**

Investments are stated at cost.

**(e) Inventories**

Inventories are comprised principally of materials held for the self construction of network assets, and critical maintenance spares. They are stated at the lower of cost and net realisable value after due consideration for excess and obsolete items. Cost is determined on a weighted average cost basis.

**(f) Accounts Receivable**

Accounts receivable are recorded at expected realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

**Electro Power Limited****Line Business****Statement Of Accounting Policies****(g) Taxation**

The taxation expense charged against profit for the year includes both current and deferred tax and is calculated after allowing for permanent differences.

Deferred taxation is calculated using the liability method applied on a partial basis. Deferred taxation arises from amounts of income or expenditure declared for taxation purposes in periods different from those in which they are dealt with in the financial accounts. By recognising these timing differences, the taxation charged in the accounts is directly related to profits reported. Future taxation benefits attributable to timing differences carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be utilised by the Company.

**(h) Financial Instruments**

Financial instruments entered into as hedges of an underlying exposure are accounted for on the same basis as the underlying exposure.

Financial instruments entered into with no underlying exposure are accounted for on a mark to market basis.

**4. CHANGES IN ACCOUNTING POLICIES**

There have been no material changes in accounting policies during the period. All accounting policies have been applied on a consistent basis throughout the period.

<b>Electro Power Limited</b>
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**Line Business**

**Notes To And Forming Part Of The Financial Statements  
For The Year Ended 31 March 1995**

	<b>1995 \$'000</b>
<b>1 OPERATING REVENUES</b>	
Electricity revenue	11,522
Other revenue	1,027
	12,549
<b>2 OPERATING EXPENSES</b>	
Depreciation	1,310
Directors' fees	71
Audit fees	6
Other expenditure	9,020
	10,407
<b>3 TAXATION</b>	
Profit before taxation	1,420
Prima facie taxation at 33%	469
Tax effect of timing differences	60
Taxation as per Statement of Financial Performance	409
Represented by:	
Current taxation	409
<b>4 SHARE CAPITAL</b>	
Authorised, issued and paid up capital	
12,345,000 ordinary shares of \$1 each	12,345
<b>5 SHORT TERM DEPOSITS</b>	
On call and short term deposits not exceeding 30 days:	
Westpac Banking Corporation Limited	100
Trust Bank New Zealand Limited	500
National Bank of New Zealand Limited	500
	1,100

<b>Electro Power Limited</b>
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**Line Business**

**Notes To And Forming Part Of The Financial Statements  
For The Year Ended 31 March 1995**

	<b>1995 \$'000</b>
<b>6 ACCOUNTS RECEIVABLE</b>	
Electricity debtors	918
Sundry debtors	258
Hire purchase debtors	3
	1,179
Less provision for doubtful debts	(54)
	1,125
Other receivables and prepaid expenses	21
External work in progress	57
	1,203

**7 FIXED ASSETS**

	<b>Cost \$'000</b>	<b>Accumulated Depreciation \$'000</b>	<b>Net Book Value 31/3/95 \$'000</b>
Land	881	-	881
Buildings	917	54	863
Distribution network	17,749	1,669	16,080
Motor vehicles	684	318	366
Mobile plant	69	30	39
Furniture and fittings	311	154	157
Computer equipment	1,064	420	644
Other plant & equipment	180	70	110
Capital work in progress	571	-	571
<b>Net book value</b>	<b>22,426</b>	<b>2,715</b>	<b>19,711</b>

The Government Valuation of land and buildings is \$2,262,000

	<b>1995 \$'000</b>
<b>8 SUNDRY CREDITORS</b>	
Trade creditors	882
Sundry creditors and accruals	362
Customer Deposits	138
	1,382

<b>Electro Power Limited</b>
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## Line Business

### Notes To And Forming Part Of The Financial Statements For The Year Ended 31 March 1995

	1995 \$'000
<b>9 LONG TERM LIABILITIES</b>	
Fixed term loans with Bank of New Zealand Limited	6,500
Schedule of maturities:	
Due 2 to 3 years	3,000
Due 4 to 5 years	3,500
	6,500

Interest rates on term liabilities are:

Bank term loans 7.78 - 8.11%

#### 10 CONTINGENT LIABILITIES

There were no significant contingent liabilities as at 31 March 1995.

#### 11 CAPITAL COMMITMENTS

As at 31 March 1995 there were outstanding capital commitments of \$291,000 in relation to the refurbishment of the corporate head office.

#### 12 SEGMENTAL REPORTING

Electro Power Limited operates predominantly in one industry, the supply and distribution of electricity. All operations are carried out within New Zealand, and are therefore within one geographical segment for reporting purposes.

#### 13 FINANCIAL INSTRUMENTS

##### (a) Nature of activities and management policies with respect to financial instruments

##### (i) Credit

In the normal course of business the Company incurs credit risk from trade debtors and financial institutions. There are no significant concentrations of credit risk. The Company has a credit policy which is used to manage this exposure to credit risk. As part of this policy limits on exposures have been set and are monitored on a regular basis.

<b>Electro Power Limited</b>
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### Line Business

## Notes To And Forming Part Of The Financial Statements For The Year Ended 31 March 1995

The Company does not require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

With respect to accounts receivable, credit evaluations are performed on customers requiring credit and the Company reserves the right to require collateral. Concentrations of credit risk are limited due to the large number of customers in the Company's customer base.

**(ii) Interest Rate**

The business has long term fixed rate borrowings used to fund ongoing activities. Currently the business does not hedge the interest rate exposure.

The business has no off balance sheet financing.

**(iii) Foreign exchange**

The Company has no foreign exchange exposure.

**(b) Fair Values**

The estimated fair values of Electro Power Limited - Line Business financial assets and liabilities are noted below.

	<b>1995 Carrying Value \$'000</b>	<b>1995 Fair Value \$'000</b>
Short term deposits	1,100	1,100
Accounts receivable	1,203	1,203
Sundry creditors	1,382	1,382
Term loans	6,500	6,229

The Company expects that long-term debt will be held to maturity, and accordingly settlement at the reported fair value of these financial instruments is unlikely.

<b>Electro Power Limited</b>
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**Electricity Retailing Business**

**Statement of Financial Performance  
for the Year Ended 31 March 1995**

	Note	1995 \$'000
Operating revenues	1	11,983
Operating expenses	2	<u>11,607</u>
<b>OPERATING PROFIT BEFORE INTEREST, TAXATION AND SUBVENTION PAYMENTS</b>		376
Subvention payments		<u>66</u>
<b>NET PROFIT BEFORE TAXATION</b>		310
Taxation expense	3	<u>89</u>
<b>NET PROFIT AFTER TAXATION</b>		221
Retained earnings at beginning of year		<u>-</u>
Total available for appropriation		221
Dividends paid and proposed		<u>161</u>
<b>RETAINED EARNINGS AT END OF PERIOD</b>		<u><u>60</u></u>

The Statement of Accounting policies and the accompanying notes on pages 13 to 18 form part of and are to be read in conjunction with these financial statements.

<b>Electro Power Limited</b>
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**Electricity Retailing Business**

**Statement of Financial Position  
as at 31 March 1995**

	Note	1995 \$'000
<b>SHAREHOLDERS' FUNDS</b>		
Share capital	4	265
Retained earnings		60
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>325</u>
<b>Represented by:</b>		
<b>CURRENT ASSETS</b>		
Accounts receivable	5	1,084
<b>TOTAL CURRENT ASSETS</b>		<u>1,084</u>
<b>INVESTMENTS</b>	6	15
<b>FIXED ASSETS</b>	7	265
<b>TOTAL ASSETS</b>		<u>1,364</u>
<b>CURRENT LIABILITIES</b>		
Sundry creditors	8	979
Provision for taxation		60
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,039</u>
<b>TOTAL LIABILITIES</b>		<u>1,039</u>
<b>NET ASSETS</b>		<u>325</u>

The Statement of Accounting Policies and accompanying notes on pages 13 to 18 form part of and are to be read in conjunction with these financial statements.

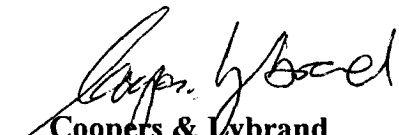
**CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS**

We have examined the attached information, being :

- (a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity ( Information Disclosure ) Regulations 1994; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part II of that Schedule,

and having been prepared by Electro Power Limited and dated 31 March 1995 for the purposes of regulation 13 of those regulations.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity ( Information Disclosure ) Regulations 1994.



**Coopers & Lybrand**  
2 August 1995



■ Chartered Accountants

**To the Directors  
Electro Power Limited**

**Certification by auditor in relation to ODV Valuation**

**Auditors Report**

We have examined the valuation report prepared by J Chapman of Electro Power Limited and dated 1 August 1995, which report contains valuations as at 30 June 1994 and identifies the ODV value of the system fixed assets at \$39.4 million.

We hereby certify in having made all reasonable inquiry, to the best of our knowledge, the valuations contained in the report have in our opinion been made in accordance with the ODV Handbook.

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994 and it is not to be used for any other purpose without our prior written consent.

A handwritten signature in cursive script that reads 'Ernst &amp; Young'.

Ernst & Young  
Chartered Accountants  
Palmerston North  
2 August 1995

<b>Electro Power Limited</b>
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## Electricity (Information Disclosure) Regulations 1994

**Regulation 15: Disclosure of Energy Delivery Efficiency Performance Measures and Statistics as at 31 March 1995**

**1. Energy Delivery Efficiency Performance Measures**

a)	Load Factors	55.6%
b)	Loss Ratio	4.3%
c)	Capacity Utilisation	40.3%

**2. Statistics**

a) System Length

33 kv		49.71 km
11 kv		130.0 km
400 v		283.2 km

		-----
Total		462.91 km

b) Total Circuit Length of Overhead Electric Lines

33 kv		31.41 km
11 kv		9.50 km
400 v		45.00 km

		-----
Total		85.91 km

c) Total Circuit Length of Underground Electric Lines

33 kv		18.30 km
11 kv		120.50 km
400 v		238.2 km

		-----
Total		377.0 km

d)	Transformer Capacity	108,700 kVA
e)	Maximum Demand	43.825 MW
f)	Total Electricity Supplied	204,333,568 kwh
g)	Total Amount of Electricity Conveyed Through the System on behalf of an electricity retailer not in a prescribed business relationship with Electro Power Line Business	140,000 kwh
h)	Total Customers	18,333

<b>Electro Power Limited</b>
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## Electricity (Information Disclosure) Regulations 1994

### Regulation 16: Reliability Performance Measures

#### 1. Total Number of Interruptions

Class A - planned interruptions by Trans Power	0
Class B - planned interruptions by Electro Power	1
Class C - unplanned interruptions by Electro Power	10
Class D - unplanned interruptions by Trans Power	2
Class E - unplanned generation interruptions by Electro Power	0
Class F - unplanned generation interruptions by other than Electro Power	0
Class G - any other interruptions	0
Total Interruptions	13

#### 2. Total number of faults per 100 circuit kilometers of prescribed voltage electric line.

Faults - 11 kv	6.923
Faults - 33 kv	2.011
Total faults - 11 kv and 33 kv	5.564

#### 3. Total number of faults per 100 circuit kilometers of underground prescribed voltage electric line.

Faults - 11 kv cable	2.489
Faults - 33 kv cable	-
Total faults - 11 kv and 33 kv cable	2.161

#### 4. Total number of faults per 100 circuit kilometers of overhead prescribed voltage electric line.

Faults - 11 kv lines	63.158
Faults - 33 kv lines	3.184
Faults - 11 kv and 33 kv lines	17.111

#### 5. SAIDI for the total number of interruptions

- 31.493 minutes/connected customer/year

**6. SAIDI for the total number interruptions within each interruption class.**

Class B - planned interruptions by Electro Power  
- 0.425 minutes/connected customer/year

Class C - unplanned interruptions by Electro Power  
- 18.032 minutes/connected customer/year

Class D - unplanned interruptions by TransPower  
- 13.036 minutes/connected customer/year

**7. SAIFI for the total number of interruptions.**

- 1.159 interruptions/connected customer/year

**8. SAIFI for the total number of interruptions within each interruption class.**

Class B - planned interruptions by Electro Power  
- 1.159 interruptions/connected customer/year

Class C - unplanned interruptions by Electro Power  
- .007 interruptions/connected customer/year

Class D - unplanned interruptions by Trans Power  
- .604 interruptions/connected customer/year

**9. CAIDI for the total of all interruptions.**

- 27.172 minutes/customer interrupted

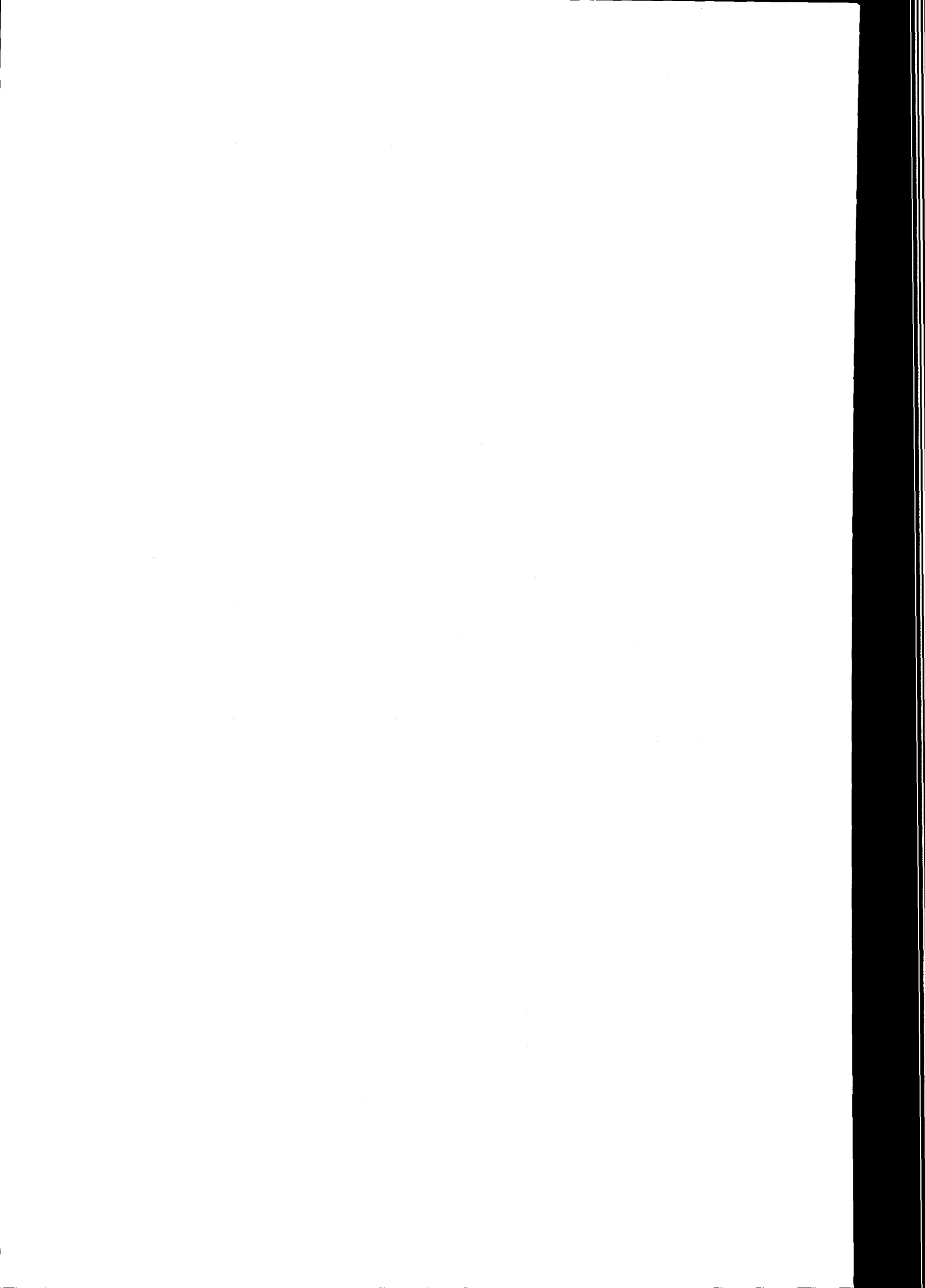
**10. CAIDI for the total number of interruptions within each class.**

Class B - planned interruptions by Electro Power  
- 60.0 minutes/customer interrupted

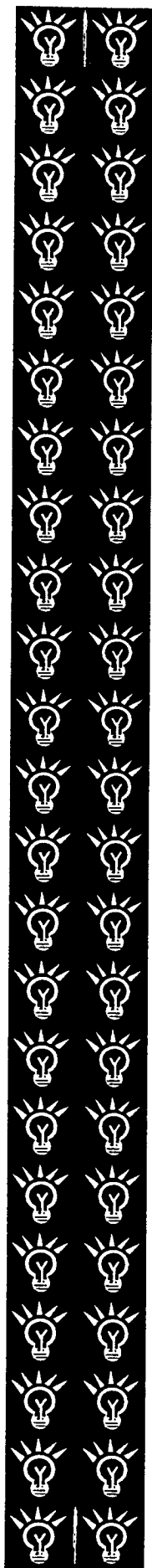
Class C - unplanned interruptions by Electro Power  
- 32.907 minutes/customer interrupted

Class D - unplanned interruptions by Trans Power  
- 21.583 minutes/customer interrupted





# SCANPOWER LIMITED



**ScanPOWER Limited**  
*ELECTRICITY RETAIL BUSINESS*  
*ANNUAL REPORT*  
*31 MARCH 1995*

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**scanPOWER**

# DIRECTORY

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*DIRECTORS OF ScanPOWER LIMITED  
AS AT 31 MARCH 1995*

## CHAIRMAN

Mr. J A Stone, FCA, MNZIM, MNZIS.

MR. A L BENBOW  
MR. D P DIPPIE  
MR. H M DODSON LIB.  
MRS. D WILKINSON

## GENERAL MANAGER

J FARNWORTH, B.Sc (HONS) ELECT. ENG.  
DIP. BUS. STUDS, C.ENG, MIEE,  
ANZIM.

## ENERGY MANAGER/TRADER

R CHU, MBA, B.Sc. (Eng)  
C.ENG, MIEE.

## SOLICITORS

Dorrington Poole Smith and Roberts

## BANKERS

Bank of New Zealand

## AUDITORS

Audit New Zealand on behalf  
of the Controller and Auditor General

## OFFICE AND SHOWROOM

10-12 Gordon Street Dannevirke

## POSTAL ADDRESS

P O Box 157 Dannevirke

**ScanPOWER LTD****INTRODUCTION**

The information disclosed in the 1995 Information Disclosure package issued by ScanPOWER Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1994.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purpose than that intended under the regulations.

The information contained in this package may change at any time. Pricing and terms are as at the date of disclosure indicated and are not a quote or estimate or rates or terms that will apply in the future.

Please write or phone ScanPOWER Limited if you have any questions or would like further information on the services available.

d) Fixed Assets

Fixed Assets are shown at cost less accumulated depreciation except for land.

e) Comparative Figures

The figures in the Financial Statements have been prepared on the following basis:

1995 refers to the accounting year from 1 April 1994 to 31 March 1995

"Period" refers to the period 8 May 1993 to 31 March 1994 (the first period of operation as ScanPOWER) i.e. period excluding the previous Dannevirke Electric Power Board figures.

f) Depreciation

Depreciation has been charged as follows:

Asset Group Depreciation Rate:

Air Conditioners	9.75% CP
Motor Vehicles	15.00% CP
Other Assets	10.00% CP

g) Taxation

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences.

The company uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

h) Investments and Cash

Investments are valued at cost. Cash is defined as the day to day cash management funds including short term deposits.

i) Annual Leave, Long Service Leave and Bonus Accruals

These have been valued as the actual liabilities of ScanPOWER as at 31 March 1995.

j) Financial Instrument Policy

The company places its cash deposits with high-credit quality financial institutions.

The company does not normally require deposits from customers except for, those who have been disconnected. No other form of security or collateral is required to support financial instruments with credit risk.

**Changes in Accounting Policies**

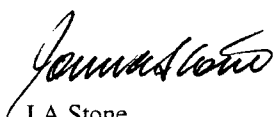
There has been no change in accounting policies. All policies have been applied consistently over the period.

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND  
STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER**

We, JOHN ALFRED STONE, HOWARD MICHAEL DODSON, ALLAN LESLIE BENBOW, DAVID PAUL DIPPIC and DIANE WILKINSON of SCANPOWER Limited, certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of SCANPOWER Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- (b) The attached information, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to SCANPOWER Limited, and having been prepared for the purposes of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those financial performance measures are based are as at 31 March 1994.



J A Stone  
Chairman  
SCANPOWER Limited

Date: 17 Aug 1995



## **Certification by Auditor in Relation to Financial Statements**

### **Report of the Audit Office**

We have examined the attached financial statements prepared by ScanPOWER Limited - Line Business and dated 31 March 1995 for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.



V F Sears  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
17 August 1995  
Palmerston North, New Zealand

**ScanPOWER LTD****INTRODUCTION**

The information disclosed in the 1995 Information Disclosure package issued by ScanPOWER Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1994.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purpose than that intended under the regulations.

The information contained in this package may change at any time. Pricing and terms are as at the date of disclosure indicated and are not a quote or estimate or rates or terms that will apply in the future.

Please write or phone ScanPOWER Limited if you have any questions or would like further information on the services available.

**ScanPOWER LTD****STATEMENT OF ACCOUNTING POLICIES****FOR THE YEAR ENDED 31 MARCH 1995****Accounting Entity**

The Financial Statements are those of the Line Business of ScanPOWER Limited. The period reported is 1 April 1994 to 31 March 1995.

These Financial Statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994. The Financial Statements have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

**Principal Activities**

The Line Business operates a line business activity, as defined by the Regulation 2 of the Electricity (Information Disclosure) Regulations 1994, in and around the Southern Hawkes Bay area.

**Accounting Convention**

The Financial Statements are based on the general principles of historical cost accounting, including the going concern concept and the accrual basis of accounting. These policies have been followed on a consistent basis.

**Methodology of Separation of Business**

ScanPOWER Limited has generally followed the Electricity Disclosure Guidelines as issued by the Ministry of Commerce dated 23 June 1994 with the exceptions noted below.

The Guidelines were issued by the Energy Policy Group of the Ministry of Commerce as guidance to assist Electricity Companies to comply with the Electricity (Information Disclosure) Regulations 1994.

The following particular accounting policies which materially affect the measurement of profit and the financial position have been applied.

*a) Recognition of Income*

Electricity sales include all amounts billed during the financial period as determined by meter readings or assessed meter readings. An accrual is also made for the estimate of electricity used but unbilled at the end of the financial period. The gross value of electricity sales as determined by this method is then disclosed by the line and energy components in the relevant statements.

*b) Accounts Receivable*

Accounts receivable are stated at expected realisable value.

*c) Inventories*

Inventories are valued at the lower of "weighted average cost" or net realisable value.

d) Fixed Assets

Fixed Assets are shown at cost less accumulated depreciation except for land.

e) Comparative Figures

The figures in the Financial Statements have been prepared on the following basis:

1995 refers to the accounting year from 1 April 1994 to 31 March 1995

"Period" refers to the period 8 May 1993 to 31 March 1994 (the first period of operation as ScanPOWER) i.e. period excluding the previous Dannevirke Electric Power Board figures.

f) Depreciation

Depreciation has been charged as follows:

Asset Group Depreciation Rate:

Air Conditioners	9.75%	CP
Buildings	2.00%	CP
Computer Hardware	20.00%	CP
Computer Software	30.00%	CP
Distribution System	3.00%	CP
Land	NIL	
Motor Vehicles	15.00%	CP
Other Assets	10.00%	CP
Trucks	10.00%	CP

g) Taxation

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences.

The company uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

h) Investments and Cash

Investments are valued at cost. Cash is defined as the day to day cash management funds including short term deposits.

i) Annual Leave, Long Service Leave and Bonus Accruals

These have been valued as the actual liabilities of ScanPOWER as at 31 March 1995.

j) Financial Instrument Policy

The company places its cash deposits with high-credit quality financial institutions.

The company does not normally require deposits from customers except for, those who have been disconnected. No other form of security or collateral is required to support financial instruments with credit risk.

**Changes in Accounting Policies**

There has been one change in Accounting Policy which is, ScanPOWER now depreciates its software whereas it previously was expensed in the year of purchase. This change in policy has resulted in profit increasing by \$10,000.

All other policies have been applied consistently over the period.

ScanPOWER LTD (LINE BUSINESS)

**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31st MARCH 1995

N O T E S	1995	1994
	\$	\$
SALES REVENUE	3,132,989	3,288,371
4 NET PROFIT BEFORE TAXATION	26,292	244,867
6 TAXATION EXPENSE	19,402	87,779
<b>NET PROFIT AFTER INTEREST &amp; TAXATION</b>	6,890	157,088
RETAINED EARNINGS AT BEGINNING OF YEAR	170,438	-
TOTAL AVAILABLE FOR APPROPRIATION	177,328	157,088
USE OF MONEY INTEREST	(5,711)	3,886
DEFERRED TAX ADJUSTMENT	(92,455)	76,879
TRANSFER TO SHAREHOLDER FUNDS	-	(29,262)
DIVIDENDS PAID & PROPOSED	(10,000)	(38,153)
RETAINED EARNINGS AT END OF YEAR	69,162	170,438

The accompanying notes form part of these financial statements

**ScanPOWER LTD****STATEMENT OF ACCOUNTING POLICIES****FOR THE YEAR ENDED 31 MARCH 1995****Accounting Entity**

The Financial Statements are those of the Energy Business of ScanPOWER Limited. The period reported is 1 April 1994 to 31 March 1995.

These Financial Statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994. The Financial Statements have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

**Principal Activities**

The Energy Business operates a energy business activity, as defined by the Regulation 2 of the Electricity (Information Disclosure) Regulations 1994, in and around the Southern Hawkes Bay area.

**Accounting Convention**

The Financial Statements are based on the general principles of historical cost accounting, including the going concern concept and the accrual basis of accounting. These policies have been followed on a consistent basis.

**Methodology of Separation of Business**

ScanPOWER Limited has generally followed the Electricity Disclosure Guidelines as issued by the Ministry of Commerce dated 23 June 1994 with the exceptions noted below.

The Guidelines were issued by the Energy Policy Group of the Ministry of Commerce as guidance to assist Electricity Companies to comply with the Electricity (Information Disclosure) Regulations 1994.

The following particular accounting policies which materially affect the measurement of profit and the financial position have been applied.

*a) Recognition of Income*

Electricity sales include all amounts billed during the financial period as determined by meter readings or assessed meter readings. An accrual is also made for the estimate of electricity used but unbilled at the end of the financial period. The gross value of electricity sales as determined by this method is then disclosed by the line and energy components in the relevant statements.

*b) Accounts Receivable*

Accounts receivable are stated at expected realisable value.

*c) Inventories*

Inventories are valued at the lower of "weighted average cost" or net realisable value.


## ScanPOWER LTD (LINE BUSINESS)

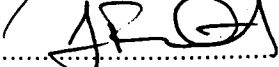
**STATEMENT OF FINANCIAL POSITION**

AS AT 31st MARCH 1995

N O T E S	LINE BUSINESS	31/3/95	31/3/94
		\$	\$
	<b>ASSETS</b>		
	<b>CURRENT ASSETS</b>		
	Bank and Cash on Hand	28,017	220,204
	Short Term Investments	822,441	1,176,739
1	Sundry Debtors	8,458	25,757
	Prepayments and Accruals	23,114	17,549
	Tax Provision	21,556	-
2	Inventories	91,164	72,805
	Deferred Tax Account	-	24,523
	<i>Total Current Assets</i>	994,750	1,537,376
	<b>FIXED &amp; LONG TERM ASSETS</b>		
5	Distribution Assets	4,807,813	4,961,697
5	Non Distribution Assets	965,805	940,479
	Capital Work In Progress	36,851	17,356
	<i>Total Fixed Assets</i>	5,810,469	5,919,532
8	Investments	511,219	15,000
	<b>TOTAL ASSETS</b>	7,316,438	7,471,908
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
3	Sundry Creditors	294,518	140,835
7	Current Portion of Term Loans	-	250,000
	Accruals	123,964	115,230
	Taxation Provision	-	31,112
	Proposed Dividend	10,000	38,153
	Deferred Tax Account	5,905	-
	<i>Total Current Liabilities</i>	434,387	575,331
	<b>TERM LIABILITIES</b>	24,900	24,900
7	<b>SHAREHOLDERS' FUNDS</b>	6,857,151	6,871,678
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	7,316,438	7,471,908

The accompanying notes form part of these financial statements

  
 .....CHAIRMAN

  
 .....GENERAL MANAGER.

ScanPOWER LTD

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31st MARCH 1995

	1995 \$	31/3/94 \$
<b>1 SUNDRY DEBTORS</b>		
- Miscellaneous	<u>8,458</u>	<u>25,757</u>
<b>2 INVENTORIES</b>		
- Network and Contracting Stocks	<u>91,164</u>	<u>72,605</u>
<b>3 SUNDRY CREDITORS</b>		
- Trade Creditors	277,587	123,315
- Deposits	11,860	17,520
- Other Creditors	<u>5,071</u>	<u>-</u>
	<u>294,518</u>	<u>140,835</u>
<b>4 ABNORMAL ITEMS</b>		
Included in the Net Profit Before Taxation figure is the following abnormal item:		
- General Restructuring Costs	<u>-</u>	<u>8,253</u>

**5 FIXED ASSETS**

This Financial Year	Cost	Accumulated Depreciation	Book Value
	\$	\$	\$
Distribution Assets	<u>8,337,924</u>	<u>3,530,111</u>	<u>4,807,813</u>
Non Distribution Assets			
- Land	21,617	-	21,617
- Buildings	835,656	248,605	587,051
- Motor Vehicles	419,791	255,522	164,269
- Plant, Office and General	233,458	119,709	113,749
- Computer	<u>187,053</u>	<u>107,934</u>	<u>79,119</u>
<i>Total Non Distribution Assets</i>	<u>1,697,575</u>	<u>731,770</u>	<u>965,805</u>

Last Financial Year*	Cost	Accumulated Depreciation	Book Value
<i>Distribution Assets</i>	<u>8,242,969</u>	<u>3,281,272</u>	<u>4,961,697</u>
Non Distribution Assets			
- Land	21,208	-	21,208
- Buildings	835,656	231,893	603,763
- Motor Vehicles	377,661	241,332	136,330
- Plant, Office and General	204,682	114,954	89,728
- Computer	<u>182,295</u>	<u>92,845</u>	<u>89,450</u>
<i>Total Non Distribution Assets</i>	<u>1,621,502</u>	<u>681,024</u>	<u>940,479</u>

\* A valuation carried out by Dr Ed Hudson of E-DEC Ltd valued the total line business at \$17,115,373. This figure was used for the derivation of performance measures.

	1995 \$	31/3/94 \$
<b>6 TAXATION NOTE</b>		
<i>Profit Before Taxation</i>	26,292	244,867
Tax @ 33%	8,676	80,806
Plus Tax Effect of:		
Non Deductible Expenditure	10,726	6,973
Timing Differences not Recognised	-	-
Tax Loss not previously Recognised	-	-
<b>Tax Charge For Year</b>	<u>19,402</u>	<u>87,779</u>
<b>7 LOAN LIABILITY (Current &amp; Term)</b>		
Opening Balance	24,900	274,900
ADD Loans Raised	-	-
	<u>24,900</u>	<u>274,900</u>
Less Loan Repayments	-	-
	<u>24,900</u>	<u>274,900</u>
Loan Liabilities are Repayable as Follows		
Interest Rate		
Within 1 Year	13.40%	250,000
1- 2 Years	13.40%	
3- 5 Years	10.50%	
	<u>24,900</u>	<u>24,900</u>
	24,900	274,900
DEDUCT Current Portion included In Current Liabilities	-	250,000
	<u>24,900</u>	<u>24,900</u>
All Loans are Secured over the Revenue of the Company		
<b>8 INVESTMENTS (AT COST)</b>		
PowerBuy Group Limited 40,000 \$1 Ordinary Shares Partly Paid	-	15,000
Government & Electricorp Securities	511,219	-

**9 CREDIT RISK & COLLATERAL**

The company places its cash deposits and investments with high - credit quality financial institutions. Concentrations of credit risk with respect to receivables are limited due to a large number of customers included in the company's customer base.

The company does not require collateral or other security to support financial instruments with credit risk.

The company requires a deposit for all disconnected customers (for non payment) who are reconnected. These are refunded after two years. No other form of security or collateral is required to support financial instruments with credit risk.

**10 RELATED PARTY TRANSACTIONS**

The only related party of the company is the ScanPOWER Customer Trust. All transactions with related parties are made under normal terms and conditions. No related party debts were forgiven or written off during the period.

There have been no related party transactions of a material nature.

**11 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 March 1995 the company has no contingent liabilities and has not entered into any contracts to purchase and install equipment of a capital nature.

ScanPOWER LTD

**FINANCIAL PERFORMANCE MEASURES**

**FOR THE YEAR ENDED 31 MARCH 1995**

**1. NOTE**

The Electricity (Information Disclosure) Regulations 1994 forms part of the "light handed" regulatory regime introduced following deregulation of the Electricity Industry.

The Regulations require Electricity Companies that operate a Line Business to publicly disclose in the Gazette and have available on request a variety of information. Included in this disclosure are the Financial, Reliability and Efficiency Performance Measures and Statistics.

In order to consistently define these measures to allow comparison between Electricity Companies, the Regulations require a number of adjustments to be made to the Financial Statements. For this reason, the Financial Statements disclosed are not necessarily the basis of information used for calculations in Performance Measures and Statistics.

This information has been prepared solely for the purpose of complying with Regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

## ScanPOWER LTD (LINE BUSINESS)

**FINANCIAL & EFFICIENCY PERFORMANCE MEASURES****FINANCIAL PERFORMANCE MEASURES**

Accounting return on total assets	7.39%
Accounting return on equity	7.22%
Accounting rate of profit	7.23%

**EFFICIENCY PERFORMANCE MEASURES**

Direct line costs per kilometre	\$693
In-Direct line costs per kilometre	\$61

**ENERGY DELIVERY PERFORMANCE MEASURES**

Load factor	64.11%
Loss ratio	7.79%
Capacity utilisation	26.06%

**STATISTICS**

<u>System Length</u>	<u>Overhead</u>	<u>Underground</u>	<u>Total</u>
11 kV	789	0	789
400 V	189	31	229
	<u>978</u>	<u>31</u>	<u>1018</u>

Transformer Capacity kVA	54,055
Maximum Demand KW	14,089
Total Electricity Supplied from Systems (Sales) Kwhr	72,965,022
Electricity on behalf of other entities	NIL
Total customers	6,713

<b>CLASS</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>TOTAL</b>
SAIDI	56	32	41.4	31	0	0	0	160.4
SAIFI	0.234	0.476	0.708	1.91	0	0	0	3.328
CAIDI	240	1336	817	126	0	0	0	2519
INTERRUPTIONS	1	88	84	5	0	0	0	178

Number of Faults per 100 circuit kilometre:

	<u>Overhead</u>	<u>Underground</u>	<u>Total</u>
11 kV	11.3	N/A	11.3



**Audit New Zealand**

## **Certification of Performance Measures by Auditors**

### **Report of the Audit Office**

We have examined the attached information, being-

- a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and
- b) Financial components of the efficiency performance measures specified in clause 2 of that Schedule,

and having been prepared by ScanPOWER Limited and dated 31 March 1995 for the purposes of Regulation 13 of those regulations.

We certify that, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

V F Sears  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
17 August 1995  
Palmerston North, New Zealand

**To the Directors  
Scanpower Limited**

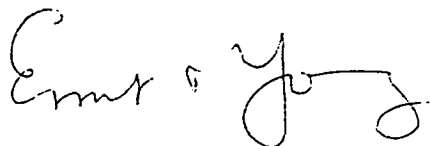
**Certification by auditor in relation to ODV Valuation**

**Auditor's Report**

We have examined the valuation report prepared by E-DEC Limited and dated 28 July 1995, which report contains valuations as at 31 March 1994 and identifies the ODV value of the system fixed assets at \$14,333,501.

We hereby certify that, having made all reasonable inquiry, to the best of our knowledge, the valuations contained in the report have in our opinion been made in accordance with the ODV Handbook.

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994 and is not to be used for any other purpose without our prior written consent.



Ernst & Young  
Chartered Accountants  
Palmerston North  
28 July 1995



