

New Zealand Gazette

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POWER COMPANIES

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

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**KING COUNTRY ENERGY
LIMITED**

KING COUNTRY ENERGY LIMITED**STATEMENT OF FINANCIAL PERFORMANCE PREPARED IN ACCORDANCE WITH****THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995**

	Note	Lines Business	Energy Business
Revenue	2	6,784,464	12,782,216
Expenses	3	<u>6,774,145</u>	<u>11,566,708</u>
Operating Surplus Before Income Tax		10,319	1,215,508
Income Tax	4	<u>(11,896)</u>	<u>(414,354)</u>
Operating Surplus / (Deficit) After Income Tax		<u>(1,577)</u>	<u>801,154</u>

The Accompanying notes form an integral part of these Financial Statements.

KING COUNTRY ENERGY LIMITED**STATEMENT OF MOVEMENTS IN EQUITY PREPARED IN ACCORDANCE WITH****THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995**

	Note	Lines Business	Energy Business
Equity at Beginning of the Year		12,789,982	3,240,773
Surplus and Revaluations:			
Net Surplus / (Deficit) for the Period		(1,577)	801,154
Loss on Disposal of houses attributable to equity issued on vesting date		<u>(49,734)</u>	<u>-</u>
Total recognised revenues and expenses for the period		(51,311)	801,154
Other Movements:			
Distributions to Owners	5	<u>-</u>	<u>(60,000)</u>
Equity at end of the year		<u>12,738,671</u>	<u>3,981,927</u>

The Accompanying notes form an integral part of these Financial Statements.

KING COUNTRY ENERGY LIMITED**STATEMENT OF FINANCIAL POSITION PREPARED IN ACCORDANCE WITH****THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995**

	Note	Lines Business	Energy Business
Shareholders Equity:			
Share Capital	6	11,963,189	3,036,811
Reserves	7	484,650	123,027
Retained Earnings	7	<u>290,832</u>	<u>822,089</u>
Total Equity		<u>12,738,671</u>	<u>3,981,927</u>
Represented by:			
Current Assets:			
Cash & Bank Balances		2,410,823	1,352,661
Receivables	8	644,936	896,811
Inventories	9	459,584	33,039
Income Tax Receivable		<u>71,344</u>	-
Total Current Assets		<u>3,586,687</u>	<u>2,282,511</u>
Non Current Assets:			
Fixed Assets	11	9,851,174	1,347,097
Investments	10	86,062	-
Development Assets	12	-	973,736
Future Income Tax Benefit	4	<u>56,747</u>	<u>6,912</u>
Total Non Current Assets		<u>9,993,983</u>	<u>2,327,745</u>
Total Assets		<u>13,580,670</u>	<u>4,610,256</u>
Current Liabilities:			
Trade and Other Creditors		672,777	563,239
Provision for Holiday Pay		169,222	5,090
Proposed Dividend		-	<u>60,000</u>
Total Current Liabilities		<u>841,999</u>	<u>628,329</u>
Net Assets		<u>12,738,671</u>	<u>3,981,927</u>

The Accompanying notes form an integral part of these Financial Statements.

KING COUNTRY ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH****THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995****1. STATEMENT OF ACCOUNTING POLICIES**

The Financial Statements presented here pertain to the reporting entity King Country Energy Limited and have been prepared in accordance with the requirements of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994. The Lines Business of the Company represents Distribution of Electricity and the Energy Business represents Generation and Energy Trading.

The Financial Statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

ACCOUNTING PERIOD

These financial statements cover trading for the twelve months to 31 March 1995 in the financial year.

DISTINCTION BETWEEN CAPITAL AND REVENUE EXPENDITURE

Capital Expenditure is all expenditure on the creation of a new asset and any expenditure which results in a significant improvement of the original function of an existing asset. Revenue Expenditure is expenditure which restores an asset to its original condition and all expenditure incurred in maintaining and operating the Company's business.

ELECTRICITY SALES

Electricity meters are read on the basis of constant cycles each year. Account has been taken of the unbilled sales at the end of the financial period which have been accrued.

ACCOUNTS RECEIVABLE

Accounts Receivable are stated at expected net realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

CAPITAL CONTRIBUTIONS

Capital Contributions are taken to income when received.

INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined at average in store prices. Allowance is made for obsolescence where necessary.

INVESTMENTS

Investments are shown at cost. Interest from investments has been accrued.

FIXED ASSETS

Fixed Assets, other than Land and Buildings, are stated at cost less accumulated depreciation. Land and Buildings are stated at latest Government Valuation less accumulated depreciation on buildings.

As future revisions of Government Valuations are received Land and Buildings will be revalued accordingly.

OPTIMISED DEPRIVAL VALUE

An Optimised Deprival Valuation (ODV) of the Network Business of the Company was carried out as at 31 March 1994, during the current Financial Year. This valuation was carried out for information disclosure purposes under the Energy Companies Act 1992, Electricity Act 1992 and the Electricity (Information Disclosure) Regulations 1994. Under the ODV Methodology the value of the Network Business as at 31 March 1994 was \$23.82 million.

NETWORK, ENERGY TRADING AND GENERATION BUSINESS VALUATIONS

At the same time as the ODV was carried out a valuation of the Network, Energy Trading and Generation businesses was prepared. This valued the overall business at \$35 million. This value has not been taken into account in the financial records of the Company.

GOVERNMENT VALUATIONS

Land and Buildings at the Kuratau Power Station were valued by Valuation New Zealand as at 1 October 1992 at \$4,300,000. This was considerably higher than the previous calculation of \$332,000 as at 1 July 1989 and was due to Valuation New Zealand adopting the same method for valuation as they have used for Electricorp Power Stations. The method is being appealed in the High Court by Electricorp and King Country Energy Limited has appealed the valuation of \$4,300,000.

For this reason the 1 July 1989 valuation of Kuratau Power Station has been shown in the accounts. Valuation New Zealand have confirmed that the Government Valuations of all land and buildings except the Kuratau Power Station are appropriate for financial reporting purposes. They cannot confirm this for the Power Station until after the outcome of Appeals to the High Court.

The Directors have considered all the circumstances and have used the Valuation which they consider would be most appropriate for consistency purposes in the accounts pending resolution of the outcome of Court decisions.

DEPRECIATION

Fixed Assets have been depreciated on the following basis.

Distribution Equipment	4% straight line on Cost
Buildings	2% straight line on Valuation
Generation Plant	4% straight line on Cost
Motor Vehicles	20% DV on Cost
Plant and Equipment	20% DV on Cost

TAXATION

The Income Tax charged to the Statement of Financial Performance includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible costs.

Deferred taxation, calculated using the liability method, is accounted for in respect of those timing differences expected to reverse in the foreseeable future. A deferred tax benefit is recognised only if there is a virtual certainty of realisation.

DEVELOPMENT ASSETS

Development Costs relate to Whangaehu Hydro Generation Project and Piriaka Resource Consent Application which is still proceeding. Development Costs Capitalised are valued at cost or Directors Valuation less amounts written off. Where a project has not reached a stage which permits a reasonable assessment of the likelihood of it continuing, the value attributed to the project remains capitalised. Project values are assessed at least annually to see if any diminution in value is likely to have accrued over and above any amortisation. Development costs are then either written off or transferred to fixed assets.

GOODS AND SERVICES TAX (GST)

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST.

CHANGES IN ACCOUNTING POLICY

All accounting policies have applied on a basis consistent with those used in the previous financial period.

KING COUNTRY ENERGY LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH****THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995**

	Lines Business	Energy Business
2. REVENUE		
Sales Revenue	5,982,924	11,599,812
Interest Received	156,298	76,982
Capital Contributions from Customers	42,724	
Other Income	<u>602,518</u>	<u>1,105,422</u>
	<u>6,784,464</u>	<u>12,782,216</u>
3. EXPENSES		
Included in Operating Expense are the following items:		
Transpower Charges	2,606,923	-
Line Charges	-	10,002,454
Depreciation	715,595	73,683
Bad Debts Written Off	28,020	17,672
Increase in Estimated Doubtful Debts	-	10,200
Audit Fees paid to Auditors	6,615	4,200
Directors' Remuneration	<u>64,518</u>	<u>12,982</u>
4. INCOME TAX		
The amount of Income Tax attributable to the financial period differs from the prima facie tax payable on the net profit before tax. The difference is reconciled as follows:		
Operating Surplus before Taxation	10,319	1,215,508
Taxation thereon at 33%	3,405	401,118
Permanent differences		
-Over Provision in prior year	(4,868)	-
-Other	<u>13,359</u>	<u>13,236</u>
INCOME TAX ATTRIBUTABLE TO OPERATING SURPLUS	<u>11,896</u>	<u>414,354</u>
Comprising:		
-Current Tax Provision	(19,975)	377,631
-Deferred Income Tax Provision	36,739	36,723
-Over Provision in prior year	<u>(4,868)</u>	<u>-</u>
	<u>11,896</u>	<u>414,354</u>
FUTURE INCOME TAX BENEFIT		
Balance at beginning of year	93,486	43,635
Current year timing differences	<u>(36,739)</u>	<u>(36,723)</u>
Balance at end of year	<u>56,747</u>	<u>6,912</u>
IMPUTATION CREDIT MEMORANDUM ACCOUNT		
Balance at beginning of period	91,181	108,819
Taxation Payments Made	<u>5,340</u>	<u>389,445</u>
Balance at end of period	<u>96,521</u>	<u>498,264</u>
5. DIVIDENDS		
Final Dividend Proposed	<u>-</u>	<u>60,000</u>

KING COUNTRY ENERGY LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE****WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995**

	Lines Business	Energy Business
6. SHARE CAPITAL		
Authorised Share Capital - Total Company 15,000,000 ordinary shares of \$1.00 each	<u>15,000,000</u>	<u>15,000,000</u>
Issued and Paid up Capital Ordinary shares of \$1.00 each full paid	<u>11,963,189</u>	<u>3,036,811</u>
7. RESERVES		
Movements in Reserves were:		
Share Premium Reserve		
Balance at Beginning of Year	463,622	123,027
Balance at End of the Year	<u>463,622</u>	<u>123,027</u>
Asset Revaluation Reserve		
Balance at Beginning of the Year	21,028	-
Balance at End of the Year	<u>21,028</u>	<u>-</u>
Total Reserves	<u>484,650</u>	<u>123,027</u>
Retained Earnings		
Balance at Beginning of the Year	342,143	80,935
Net Surplus for the Period	(1,577)	801,154
Dividends provided	-	(60,000)
Loss on Disposal of houses attributable to Equity issued on vesting date	<u>(49,734)</u>	-
Balance at End of the Year	<u>290,832</u>	<u>822,089</u>
8. RECEIVABLES		
Trade and Sundry Debtors	<u>644,936</u>	<u>896,811</u>
9. INVENTORY		
Inventory comprises:		
Stocks of Materials for Line Construction & Maintenance	<u>459,584</u>	-
Finished goods and parts	<u>-</u>	<u>33,039</u>
	<u>459,584</u>	<u>33,039</u>

KING COUNTRY ENERGY LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE****WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995**

	Lines Business	Energy Business
10. INVESTMENTS		
Staff Housing Loans	<u>86,062</u>	
11. FIXED ASSETS		
Distribution Equipment		
-Cost	14,515,339	
-Less Accumulated Depreciation	<u>6,251,566</u>	
Book Value	<u>8,263,773</u>	
Generation Equipment		
-Cost Plant and Machinery		853,087
-Valuation Land and Buildings		<u>306,244</u>
		1,159,331
Less Accumulated Depreciation		<u>307,430</u>
Book Value		<u>851,901</u>
Land		
-Cost	8,253	445
-Valuation	<u>306,845</u>	<u>16,555</u>
-Book Value	<u>315,098</u>	<u>17,000</u>
Buildings		
-Cost	-	-
-Valuation	<u>948,387</u>	<u>74,800</u>
	948,387	74,800
-Less Accumulated Depreciation	<u>55,590</u>	<u>2,050</u>
-Book Value	<u>892,797</u>	<u>72,750</u>
Motor Vehicles		
-Cost	801,514	19,231
-Less Accumulated Depreciation	<u>509,553</u>	<u>11,550</u>
-Book Value	<u>291,961</u>	<u>7,681</u>
Furniture, Plant and Equipment		
-Cost	231,263	1,050,756
-Less Accumulated Depreciation	<u>143,718</u>	<u>652,991</u>
-Book Value	<u>87,545</u>	<u>397,765</u>
Total Fixed Assets	<u>9,851,174</u>	<u>1,347,097</u>
Total Government Valuations dated 1992-1995 of		
-Land	235,400	17,000
-Buildings	733,300	74,800
-Hydro Works	-	<u>4,500,000</u>

KING COUNTRY ENERGY LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE****WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1995**

	Lines Business	Energy Business
12. DEVELOPMENT COSTS CAPITALISED		
-Cost		145,123
-Valuation		<u>828,613</u>
		<u>973,736</u>

13. FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument of which it is practical to estimate that value:

Cash, Bank Balances and Investments

The carrying amounts of these balances are equivalent to their fair value.

Receivables, Trade and Other Creditors

The carrying amounts of receivables and creditors are invoiced amounts taking account of any amounts considered irrecoverable and are equivalent to their fair value.

Credit Risk and Collateral

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash, investments and trade receivables. The maximum credit risk as defined by FRS 31 is the book value of these financial instruments, however the Company considers the risk of non recovery of these amounts as being minimal.

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 requires a deposit for all new customers if no credit references are received from other Energy Companies. These are refunded after two years. No other form of security or collateral is required to support financial instruments with credit risk.

14. RELATED PARTY TRANSACTIONS

The only related party of the Company is the King Country Electric Power Trust.

All transactions with related parties are made on 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 other than the repayment of \$50,000 by the King Country Electric Power Trust and the payment of a dividend to the Trust of \$140,000 based on prior years results.

15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 1995 the Company has no Contingent Liabilities and has not entered into any contracts to purchase and install Capital Equipment of any nature.

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KING COUNTRY ENERGY LIMITED

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 Schedule

and having been prepared by King Country Energy 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.

JW Sisam
Price Waterhouse
On behalf of the Controller and Auditor General
Auckland, New Zealand

14 August 1995

This certificate is issued pursuant to Regulation 25(3) of the Electricity (Information Disclosure) Regulations 1994.

KING COUNTRY ENERGY LIMITED
FINANCIAL PERFORMANCE MEASURES

31 MARCH 1995

1. (a) **Accounting Return on Total Assets**

Earnings before Interest and Tax, dividend by Average Total Funds Employed.

	<u>\$'000</u>	
Earnings before Interest and Tax	523	
Total Funds Employed 1994	28,565	
Total Funds Employed 1995	28,193	
Average Total Funds Employed	<u>\$28,379</u>	
Accounting Return on Total Assets		<u>1.84%</u>

(b) **Accounting Return on Equity**

Net Profit after Tax, divided by Average Total Shareholders Funds.

	<u>\$'000</u>	
Net Profit after Tax	520	
Shareholders' Funds 1994	28,565	
Shareholders' Funds 1995	28,193	
Average Shareholders Funds	<u>\$28,379</u>	
Accounting Return on Equity		<u>1.83%</u>

(c) **Accounting Rate of Profit**

	<u>\$'000</u>	
Earnings Before Interest and Tax	523	
Less Cash Tax	5	
Less Interest Tax Shield	-	
Plus Revaluations	<u>(557)</u>	<u>(39)</u>
÷ Average Total Funds Employed, minus half the amount of revaluations 28,379+278	<u>28,657</u>	
Accounting Rate of Profit		<u>(0.14%)</u>

KING COUNTRY ENERGY LIMITED
EFFICIENCY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1995

2. (a) Direct Line Costs per Kilometre

Direct Expenditure \$'000	2,595
System Length km	2,280
Direct Line Costs per Kilometre	<u>\$1,138</u>

(b) Individual Line Costs per Electricity Customer

Indirect Expenditure \$'000	3,516
Total Customers	12,765
Indirect Line Costs per Customer	<u>\$275</u>

**PERFORMANCE MEASURES AND OTHER INFORMATION - PART III
Regulation 15**

Energy Delivery Efficiency Performance Measures and Statistics

1. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES:

- (a) Load Factor - 45.9%
- (b) Loss Ratio - 6.7%
- (c) Capacity Utilisation - 13.8%

2. STATISTICS:

- (a) System Length - 2280 km
 - 33kV - 209 km
 - 11kV - 1603 km
 - 230-400V - 467 km
- (b) Total Circuit Length - 2116 km (Overhead)
 - 33kV - 209 km
 - 11kV - 1513 km
 - 230-400V - 371 km
- (c) Total Circuit Length - 163 km (Underground)
 - 33kV - 0 km
 - 11kV - 68 km
 - 230-400V - 95 km
- (d) Transformer Capacity - 214,690 kVA
- (e) Maximum Demand - 29,782 kW
- (f) Total Electricity Supplied - 119,865,119 kWh
- (g) Total Electricity Conveyed on Behalf of Others - 112,384 kWh
- (h) Total Number of Customers - 12,765

**PERFORMANCE MEASURES AND OTHER INFORMATION - PART IV
Regulation 16**

Reliability Performance Measures to be Disclosed by Line

1. TOTAL NUMBER OF INTERRUPTIONS:

Class A	1
Class B	78
Class C	350
Class D	10
Class E	0
Class F	0
Class G	0
Total	439

2. TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM

Total - 19

33kV - 6

11kV - 13

(This breakdown is an estimate)

3. TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM OF UNDERGROUND CABLE

Total - 4

11kV - 4

(This breakdown is an estimate)

4. TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM OF OVERHEAD LINE

Total - 16

33kV - 3

11kV - 13

(This breakdown is an estimate)

5. THE SAIDI FOR THE TOTAL OF INTERRUPTIONS

336

6. THE SAIDI FOR THE TOTAL NUMBER IF INTERRUPTIONS WITHIN EACH CLASS

Class A	37
Class B	82
Class C	203
Class D	11
Class E	0
Class F	0
Class G	0

7. THE SAIFI FOR THE TOTAL NUMBER OF INTERRUPTIONS

5.6

8. THE SAIFI FOR THE TOTAL NUMBER OF INTERRUPTIONS WITHIN EACH CLASS

Class A	0.1
Class B	0.5
Class C	3.9
Class D	1.0
Class E	0
Class F	0
Class G	0

9. THE CAIDI FOR THE TOTAL OF ALL INTERRUPTIONS

59

10. THE CAIDI FOR THE TOTAL OF ALL INTERRUPTIONS WITH IN EACH INTERRUPTION CLASS

Class A	240
Class B	157
Class C	52
Class D	11
Class E	0
Class F	0
Class G	0

**CERTIFICATE OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES,
AND STATISTICS DISCLOSED BY LINE OWNERS
OTHER THAN TRANSPower**

We, KENNETH STUART STREET and GORDON ROBERT HOPEFUL GOWER
Directors of King Country Energy Limited certify that, having made all reasonable
enquiry, to the best of our knowledge, -

- a The attached audited financial statements of King Country Energy 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 King Country Energy 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 valuation on which those financial performances measures are based are as at 31 March 1995.



KS STREET
DIRECTOR



GRH GOWER
DIRECTOR

21 July 1995

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KING COUNTRY ENERGY LIMITED

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

We have examined the valuation report prepared by Catherall Taylor Associates and dated December 1994, which report contains an ODV valuation of the lines business of King Country Energy Limited as at 31 March 1994.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, the ODV valuation contained in the report has been made in accordance with the Handbook for Optimised Deprival Valuation of Electricity Line Businesses issued by the Energy & Resources Division of the Ministry of Commerce and dated 23 June 1994.

JW Sisam
Price Waterhouse
On behalf of the Controller and Auditor-General
Auckland, New Zealand

14 August 1995

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KING COUNTRY ENERGY LIMITED

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

We have examined the attached financial statements prepared by King Country Energy Limited 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.

JW Sisam
Price Waterhouse
On behalf of the Controller and Auditor General
Auckland, New Zealand

14 August 1995

This certificate is issued pursuant to Regulation 25(2) of the Electricity (Information Disclosure) Regulations 1994.



**TARANAKI ENERGY
LIMITED**

TARANAKI ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1995

	NOTE	LINE (\$'000s)	ENERGY (\$'000s)	OTHER (\$'000s)	TOTAL (\$'000s)
Fixed Assets	5	51,609	81	35,722	87,412
Investments	13	132	0	55	187
Goodwill on Consolidation		0	0	956	956
Current Assets					
Inventory		1,256	9	593	1,858
Accounts Receivable	2	4,302	3,991	3,690	11,983
Cash & Deposits		2,914	1,256	1,887	6,057
		<u>8,472</u>	<u>5,256</u>	<u>6,170</u>	<u>19,898</u>
less Current Liabilities					
Accounts Payable	3	1,747	2,513	1,877	6,137
Income Tax Payable		435	32	220	687
		<u>2,182</u>	<u>2,545</u>	<u>2,097</u>	<u>6,824</u>
Working Capital		6,290	2,711	4,073	13,074
Net Assets		<u>\$58,031</u>	<u>\$2,792</u>	<u>\$40,806</u>	<u>\$101,629</u>
Represented by:					
Share Capital	4	50,527	2,246	37,227	90,000
Retained Earnings		7,504	546	3,579	11,629
		<u>58,031</u>	<u>2,792</u>	<u>40,806</u>	<u>101,629</u>
Total Shareholders Funds		<u>\$58,031</u>	<u>\$2,792</u>	<u>\$40,806</u>	<u>\$101,629</u>

On behalf of the Board

I D Lobb
Director

B R Upson
Director

TARANAKI ENERGY LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1995

	NOTE	LINE (\$'000s)	ENERGY (\$'000s)	OTHER (\$'000s)	TOTAL (\$'000s)
Total Income		\$28,619	\$26,486	\$19,158	\$74,263
Trading Profit		7,426	541	3,755	11,722
Goodwill Amortisation		0	0	239	239
Operating Profit before Taxation		7,426	541	3,516	11,483
Income Tax	6	2,451	179	1,142	3,772
Underprovision of Taxation for Previous Years		257	19	124	400
Operating Profit after Taxation		4,718	343	2,250	7,311
Retained Earnings Brought Forward		2,449	178	1,168	3,795
Amount Available for Appropriation		7,167	521	3,418	11,106
Transfer from Reserve	14	2,549	186	1,217	3,952
Dividends Paid		2,212	161	1,056	3,429
Retained Earnings Carried Forward		\$7,504	\$546	\$3,579	\$11,629

The accompanying notes form an integral part of these financial statements

**TARANAKI ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995**

1. Statement of Accounting Policies.

General Accounting Policies.

The attached financial statements comprise the following activities of Taranaki Energy Limited, the successor company of New Plymouth Energy, a department of the New Plymouth District Council, and the Taranaki Electric Power Board pursuant to the Energy Companies Act 1992, incorporated under the Companies Act 1955 as amended:

- Distribution and retailing of electricity and value added services.
- Distribution and retailing of gas and value added services.
- Hydro electricity generation

These financial statements have been prepared to comply with the provisions of Section 44 of the Energy Companies Act 1992, the Companies Act 1955 as amended, the Electricity (Information Disclosure) Regulations 1994 and the Financial Reporting Standards and Statements of Standard Accounting Practice as issued by the New Zealand Society of Accountants.

The measurement basis adopted is that of historical cost except where otherwise stated.

Accrual accounting has been used to match revenues earned and expenses incurred.

Reliance is placed on the fact that the company is a going concern.

Particular Accounting Policies.

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

Basis of Consolidation.

The consolidated financial statements include those of Taranaki Energy Limited and its subsidiaries, City Gas (Taranaki) Limited and The Hawera Gas Company Limited, accounted for using the purchase method. All significant inter-company transactions and balances are eliminated on consolidation. Only post-acquisition profits are recognised in the consolidated financial statements.

Accounts Receivable.

Accounts receivable are valued at expected realisable value, after providing for doubtful debts. All known bad debts have been written off during the period under review.

Inventory.

Inventory is valued at the lower of historical cost and net realisable value. The weighted average method has been used to determine historical cost. The quantity of gas in pipes has been estimated by Taranaki Energy's gas engineers, and valued at average purchase cost per unit.

Fixed Assets.

The company assets are made up of assets transferred, vested or purchased, as the case may be, from New Plymouth Energy, a department of the New Plymouth District Council, and the Taranaki Electric Power Board on 7 May 1993, and subsidiaries City Gas (Taranaki) Limited and The Hawera Gas Company Limited.

Fixed Assets transferred from New Plymouth Energy are stated at their Optimal Deprival Values (ODV), based on a valuation carried out by KPMG Peat Marwick Consultants, as authorised valuers by the Minister of Energy pursuant to the Energy Companies Act 1992, in July 1993.

The ODV of an asset can be defined as the lower of its Optimised Depreciated Replacement Cost (ODRC) and its Economic Value. Gross carrying value of these assets will be the recoverable value where this is lower than cost or the revalued amount.

Fixed Assets were transferred from Taranaki Electricity at their book values. These values fairly reflect the economic value of such assets based on a return on investment of 5.5% p.a., as indicated in the Establishment Plan of the company dated December 1992. Gross carrying value of these assets will be the recoverable value where this is lower than the cost stated above.

The Hawera Gas Company Limited assets shown in the consolidated statements are stated at their Optimised Depreciated Replacement Cost (ODRC), based on a valuation carried out by KPMG Peat Marwick Consultants, as authorised valuers by the Minister of Energy pursuant to the Energy Companies Act 1992.

The assets of City Gas (Taranaki) Limited are stated at their cost less depreciation.

The gross carrying value of the assets of the subsidiary companies will be the recoverable value where this is lower than the cost stated above.

Any additions to fixed assets since the revaluation date are stated at cost less depreciation

Investments.

Investments are valued at the lower of cost and net realisable value.

Income Tax.

The income tax expense charged for the period is the estimated liability calculated after allowance for permanent and timing differences.

The company uses the liability method of accounting for deferred taxation and applies this on a partial basis. Future tax benefits attributable to tax losses or timing differences are not recognised, except where there is virtual certainty of their realisation.

Depreciation of Fixed Assets.

Depreciation rates for major classes of asset are:

Land	Not Depreciated
Buildings	1% SL
Furniture and Fittings	10% to 20% DV
Office Equipment	10% to 20% DV
Motor Vehicles	20% DV
Network Systems and Generation	2% SL

Revenue Recognition.

Revenue from the sale of energy and value added services is recognised when invoices are issued plus an accrual is made for unread meters.

Generation Income.

The cost of generation charged against cost of sales is valued at avoided purchase cost of units produced, based on Electricity Corporation of New Zealand Limited prices.

Goodwill.

Goodwill represents the excess of purchase consideration over the fair value of net assets acquired at the time of acquisition of a business or shares in a subsidiary or an associate company.

Goodwill is amortised on a systematic basis over the period benefits are expected to arise which will generally be five years; however in individual cases may be up to twenty years.

Basis of Allocation to Business Units.

In general the Ministry of Commerce guidelines for allocation of expenditure have been applied. Deviations from the guidelines have been used where assumptions made in the guidelines have not held true for Taranaki Energy Limited, and are as follows:

- The assumption that energy alone interfaces with electricity consumers does not hold for Taranaki Energy Limited. Customer related expenditures are allocated according to the gross margin produced by each business.
- Overhead costs that are integral parts of operating each business have been allocated according to the direct expenditure incurred by each business.

Changes in Accounting Policies

There were no material changes in accounting policies during the year. All policies have been applied on bases consistent with those used in the previous financial period.

2. Accounts Receivable.

	Line (\$'000s)	Energy (\$'000s)	Other (\$'000s)	Total (\$'000s)
Accounts Receivable	2,662	2,525	2,629	7,816
Accrued Sales	1,576	1,463	1,032	4,071
Pre-Payments	64	3	29	96
	\$4,302	\$3,991	\$3,690	\$11,983

3. Accounts Payable.

Trade Creditors	507	92	879	1,478
GST Payable	72	43	52	167
Accrued Expenses	1,168	2,378	946	4,492
	\$1,747	\$2,513	\$1,877	\$6,137

4. Share Capital.

	(\$,000)
Authorised Capital:	
100,000,000 Ordinary Shares of \$1.00 each	\$100,000
Issued and Fully Paid:	
90,000,000 Ordinary Shares of \$1.00 each	\$90,000

5. Fixed Assets.	Line	Energy	Other	Total
	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)
Land				
At Cost	804	-	452	1,256
Total Land	804	-	452	1,256
Buildings				
At ODV and ODRC	3,443	-	738	4,181
At Cost	2,485	-	159	2,644
	5,928	-	897	6,825
less Accumulated Depreciation	495	-	63	558
Total Buildings	5,433	-	834	6,267
Furniture and Fittings				
At ODV and ODRC	129	-	80	209
At Cost	352	-	-	352
	481	-	80	561
less Accumulated Depreciation	304	-	15	319
Total Furniture and Fittings	177	-	65	242
Office Equipment				
At ODV and ODRC	187	-	14	201
At Cost	95	-	197	292
	282	-	211	493
less Accumulated Depreciation	114	-	86	200
Total Office Equipment	168	-	125	293
Motor Vehicles				
At ODV and ODRC	699	-	422	1,121
At Cost	1,680	-	48	1,728
	2,379	-	470	2,849
less Accumulated Depreciation	1,357	-	130	1,487
Total Motor Vehicles	1,022	-	340	1,362
Network Systems and Generation				
At ODV and ODRC	37,054	-	26,000	63,054
At Cost	8,655	-	8,230	16,885
	45,709	-	34,230	79,939
less Accumulated Depreciation	3,394	-	1,511	4,905
Total Network Systems and Generation	42,315	-	32,719	75,034
Work in Progress	2	-	-	2
Corporate Assets Allocated				
Land	267	13	188	468
Buildings	281	14	198	493
Furniture and Fittings	298	14	210	522
Office Equipment	1,502	72	1,056	2,630
Motor Vehicles	119	6	83	208
	2,467	119	1,735	4,321
less Accumulated Depreciation	779	38	548	1,365
	1,688	81	1,187	2,956
Total Fixed Assets	\$51,609	\$81	\$35,722	\$87,412

6. Taxation.

	Line (\$'000s)	Energy (\$'000s)	Other (\$'000s)	Total (\$'000s)
Operating Profit Taxation	7,426	541	3,516	11,483
Prima facie Taxation @ 33%	2,451	179	1,160	3,789
Tax effect of Permanent Timing Differences		0	-182	-183
Income Tax Expense	<u>\$2,451</u>	<u>\$179</u>	<u>\$1,142</u>	<u>\$3,772</u>

Future tax benefits totalling \$695,931 representing timing differences not recognised have not been recorded in the financial statements.

7. Contingent Liabilities.

There are no material contingent liabilities as at balance date.

8. Related Party Transactions.

As required by section 44 (5) (f) of the Energy Companies Act 1992, and in accordance with SSAP 22, Taranaki Energy Ltd is deemed to have related party transactions with the New Plymouth District Council, being its principal shareholder. Transactions completed with related parties during the year include rates and rental payments, dividend payments, and the sale of electricity and gas. All of these transactions are at arms length.

9. Disclosure of Performance Measures pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

Financial Performance Measures

(i) Accounting Return on Total Assets	7.40%
(ii) Accounting Return on Equity	5.56%
(iii) Accounting Rate of Profit	4.85%

Efficiency Performance Measures

(iv) Direct Line Cost per Kilometre	\$ 1,118.07
(v) Indirect Line Cost per Electricity Customer	\$ 127.13

10. Financial Instruments.

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable.

Cash deposits are only made with registered banks, no specific concerns regarding credit risk exist.

The company has a Revolving Multi Option Credit Line facility with the Westpac Banking Corporation of up to \$25 million dollars. No draw downs were made during the year under review.

The company performs credit evaluations on customers where possible. New customers with known high credit risk are required to pay a bond before energy is supplied to them.

All financial instruments are recorded at fair values. No undisclosed financial instruments exist.

11. Imputation Credit Account.

	(\$,000)
Balance as at 1/4/94	1,822
add: Credits Received	
Provisional Tax Payments	4,263
Dividends Received	5
	<u>6,090</u>
less:	
Dividends Paid	1,689
Balance as at 31/3/95	<u><u>\$4,401</u></u>

12. Substantial Shareholders.

New Plymouth District Council	63,000,000 Ordinary Shares @ \$1.00 each
Taranaki Electricity Trust	18,000,000 Ordinary Shares @ \$1.00 each
Taranaki Energy Merger Trust	8,999,995 Ordinary Shares @ \$1.00 each

13. Investments.

	(\$'000)
New Zealand Counties Investment Company Limited	132
Taranaki Bottled Gas Limited	55
	<u><u>\$187</u></u>

14. Capital Reserves.

The amount of \$3,950,438 shown in the Statement of Financial Position as at 30 June 1993, which arose from the vesting and transfer of assets, as the case may be, from Taranaki Electric Power Board and the New Plymouth Energy Department as at 7 May 1993 has been transferred into Retained Earnings.

15. Subsequent Events.**i) Reregistration under the Companies Act 1993**

Taranaki Energy Limited and its subsidiaries, The Hawera Gas Company Limited and City Gas (Taranaki) Limited, were reregistered under the Companies Act 1993 as at the 6 June 1995. The directors have resolved to amalgamate the subsidiaries with the parent company from 1 July 1995.

ii) Repurchase of Shares

The directors have resolved to repurchase 10,074,627 shares at a value of \$15,000,000 as at 30 June 1995, as part of a restructuring of the company's financial position as at that date.

iii) Powerco Limited

An announcement was made on April 26 1995 that the directors of Taranaki Energy Limited and Powerco Limited were discussing forming a closer relationship, possibly involving a merger.

16. Disclosure of Energy Delivery Efficiency Performance Measures and Statistics pursuant to Regulation 15 and Part III of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

16.1 Energy delivery efficiency performance measures:

(a) Load factor	58.1%
(b) Loss Ratio	6.2 %
(c) Capacity Utilisation (Note transformer capacity as defined in Statistics below)	32.1%

16.2 Statistics:

(a) System Length

33 kV system	273 km
11 kV system	1339 km
6.6 kV system	895 km
400 Volt system	1348 km
Total length	3855 km

(b) Overhead Line Length

33 kV system	266 km
11 kV system	1222 km
6.6 kV system	878 km
400 Volt system	1106 km
Total length	3472 km

(c) Underground Cable Length

33 kV system	7 km
11 kV system	117 km
6.6 kV system	17 km
400 Volt system	242 km
Total length	383 km

(d) Transformer Capacity	304,062 kVA
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Note: Transformer capacity is that at distribution transforming points in accordance with definition in Annual Statistical Return MCM1-B1

(e) Maximum Demand	97,688 kW
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(f) Total electricity supplied from the system being incumbent and other retailers sales.	466,951,236 kWh
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(g) Total electricity conveyed through the system on behalf of other electricity retailers sales	349,131 kWh
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(h) Total customers	39,467
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17. Disclosure of Reliability Performance Measures pursuant to Regulation 16 and Part IV of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

(1) Total number of interruptions

Class A TransPower Planned	0
Class B Distributor Planned	312
Class C Distributor Unplanned	533
Class D TransPower Unplanned	2
Class E ECNZ Unplanned	0
Class F Other Generator Unplanned	0
Class G Other not in A to F	0
Total all interruptions	847

(2) Total number of faults per 100 km of prescribed voltage line	21.34
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(3) Total number of faults per 100 km of prescribed voltage underground line

33 kV system	0
11 kV system	2.56
6.6 kV system	5.92
Total Number	2.84

(4) Total number of faults per 100 km of prescribed voltage overhead line

33 kV system	12.77
11 kV system	28.64
6.6 kV system	16.74
Total Number	22.44

NETWORK or GENERATION OWNER	CLASSIFICATION OF INTERRUPTIONS		SAIDI	SAIFI	CAIDI
Electricity Distributor	Class B	Planned Shutdowns	101.17	0.6	168.88
	Class C	Unplanned Cuts	104.52	1.95	53.97
	Subtotal		205.69	2.54	81.12
TransPower	Class A	Planned Shutdowns	0	0	0
	Class D	Unplanned Cuts	5.45	0.29	19.13
	Subtotal		5.45	0.29	19.13
Generator ECNZ	Class G	Planned Shutdowns	0	0	0
	Class E	Unplanned Cuts	0	0	0
	Subtotal		0	0	0
Other Distributor or Generator	Class G	Planned Shutdowns	0	0	0
	Class F	Unplanned Cuts	0	0	0
	Subtotal		0	0	0
TOTALS		Planned Shutdowns	101.17	0.60	168.88
		Unplanned Cuts	109.97	2.22	49.50
TOTAL			211.14	2.82	74.86

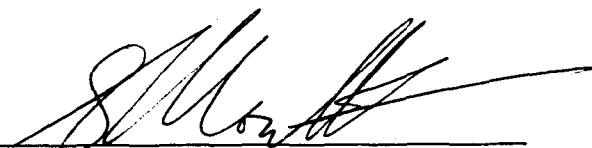
TARANAKI ENERGY LIMITED
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

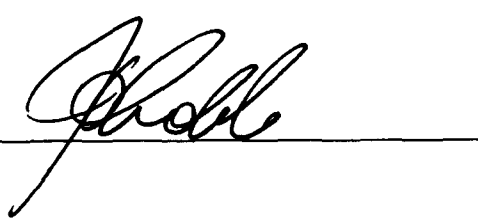
CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE
MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER
THAN TRANS POWER

We, Ian Donald Lobb, director and Simon Paul Moutter, principal of Taranaki Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Taranaki Energy 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 measure, statistics, and reliability performance measures in relation to Taranaki Energy 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 1995.





15 August, 1995



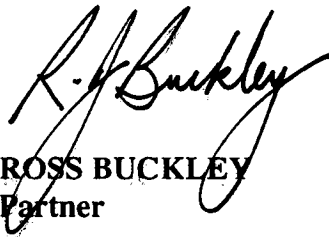
Chartered Accountants

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

TARANAKI ENERGY LIMITED

I have examined the valuation of the network assets prepared by KPMG Peat Marwick, which report contains valuations as at 31 March 1995.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report have been made in accordance with the ODV Handbook.



ROSS BUCKLEY
Partner

16 June 1995

**Deloitte Touche
Tohmatsu**



TARANAKI ENERGY LIMITED

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

Certification of Performance Measures by Auditor

We have examined the performance measures set out in Note 9 to the attached financial statements 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 Taranaki Energy Limited and dated 20 July 1995 for the purposes of regulation 13 of those regulations.

The Optimised Deprival Valuations used to derive these performance measures have been audited by KPMG Peat Marwick.

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.

G Naylor
Deloitte Touche Tohmatsu
On Behalf of the Controller and Auditor General
Hamilton
20 July 1995

**Deloitte Touche
Tohmatsu**



TARANAKI ENERGY LIMITED

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

Certification by Auditor in Relation to Financial Statements

We have examined the attached financial statements prepared by Taranaki Energy Limited and dated 20 July 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, the financial statements give a true and fair view of matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in cursive script that reads "Graham Naylor".

G Naylor
Deloitte Touche Tohmatsu
On Behalf of the Controller and Auditor General
Hamilton
20 July 1995

**TAURANGA ELECTRICITY
LIMITED**

TAURANGA ELECTRICITY LIMITED

1995 INFORMATION DISCLOSURE

**Including Financial Statements, Performance Measures and
Statistics for the Year Ended 31 March 1995**

**Line Charges, Contracts and Methodologies Disclosure Current
as at 31 March 1995**

**As Required by the Electricity [Information Disclosure]
Regulations 1994**

August 1995

IMPORTANT NOTE

The information disclosed in this 1995 Information Disclosure package issued by Tauranga Electricity 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 of rates or terms that will apply in the future.

Please contact Tauranga Electricity Limited by writing to PO Box 13305 or phoning 07 577 0720 if you have any questions or would like further information on the services available.

**TAURANGA ELECTRICITY LIMITED
1995 INFORMATION DISCLOSURE**

CONTENT	REGULATION	PAGE
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TAURANGA ELECTRICITY LIMITED

PART A

CERTIFICATION FOR THE YEAR ENDED 31 MARCH 1995

**Required by Regulations 25 and 26
Electricity [Information Disclosure] Regulations 1994**

TAURANGA ELECTRICITY LIMITED

Page 2

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS

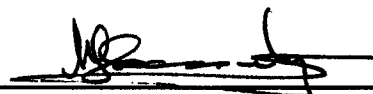
WE, **EDWARD WESTHOLM GRAHAM**, Director/Chairman, and **WILLIAM GEORGE CASSIDY**, Managing Director, of Tauranga Electricity Limited, certify that having made all reasonable enquiry, to the best of my knowledge:

- a] The attached audited financial statements of Tauranga Electricity 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 Tauranga Electricity 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 1995.



[EDWARD WESTHOLM GRAHAM]



[WILLIAM GEORGE CASSIDY]

23rd August 1995

[Date]



Audit New Zealand

**CERTIFICATION BY AUDITOR IN RELATION TO
FINANCIAL STATEMENTS**

TAURANGA ELECTRICITY LTD

I have examined the attached financial statements prepared by Tauranga Electricity Ltd and dated 31 March 1995 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiry, to the best of my 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.

A handwritten signature in black ink, appearing to read 'C J Paine', written in a cursive style.

C J Paine
Audit New Zealand
On behalf of the Controller and Auditor-General

23 August 1995

Tauranga, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

TAURANGA ELECTRICITY LTD

I 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 Tauranga Electricity Ltd and dated 31 March 1994 for the purposes of regulation 13 of those regulations.

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

C. Paine

Audit New Zealand

On behalf of the Controller and Auditor-General

23 August 1995

Tauranga, New Zealand



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

TAURANGA ELECTRICITY LTD

I have examined the valuation report prepared by Eddie W. Graham and dated 30 June 1995, which report contains valuations as at 1 April 1995.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report have been made in accordance with the ODV Handbook.

A handwritten signature in black ink, appearing to read 'C J Paine', with a large, sweeping flourish at the end.

C J Paine
Audit New Zealand

On behalf of the Controller and Auditor-General
TAURANGA

21 July 1995

TAURANGA ELECTRICITY LIMITED

PART B

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995

**Pursuant to Regulation 6 of the
Electricity [Information Disclosure] Regulations 1994**

TAURANGA ELECTRICITY LIMITED

**Profit and Loss and Retained Earnings Account
For the Year Ended 31 March 1995**

	Notes	Line Business	Other Businesses
SALES		<u>3,613,972</u>	<u>5,262,602</u>
NET PROFIT BEFORE TAXATION	2	523,969	1,371,708
Taxation Expense	3	<u>(172,910)</u>	<u>(313,440)</u>
NET PROFIT AFTER TAXATION		351,059	1,058,268
Retained earnings at beginning of year		65,055	265,903
Dividends	4	<u>(140,424)</u>	<u>(958,576)</u>
RETAINED EARNINGS AT END OF YEAR		<u><u>\$275,690</u></u>	<u><u>\$365,595</u></u>

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Regulations 6[2] and 6[3] of the Electricity [Information Disclosure] Regulations 1994 and are not intended for any other purpose.

TAURANGA ELECTRICITY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1995

	Notes	Line Business	Other Businesses
SHAREHOLDERS' FUNDS			
Share capital	5	4,757,666	12,342,334
Retained earnings		275,690	365,595
		<u>5,033,356</u>	<u>12,707,929</u>
TERM LIABILITY	6	2,612,052	187,948
CURRENT LIABILITIES			
Accounts payable and accruals	7	1,392,055	120,650
Provision for dividend		30,196	202,173
Current portion of term liability		373,150	26,850
		<u>1,795,401</u>	<u>349,673</u>
TOTAL CORPORATE OWNERSHIP AND LIABILITIES		<u>\$9,440,809</u>	<u>\$13,245,550</u>
FIXED ASSETS			
	8	7,572,505	544,874
INVESTMENT	10	0	11,636,114
FUTURE TAXATION BENEFIT	11	54,202	3,900
CURRENT ASSETS			
Cash and Bank		194,735	30,269
Accounts receivable & prepayments	12	1,280,043	451,463
Taxation refund	13	8,770	1,796
Inventories		330,554	267,134
Short term deposits			310,000
		<u>1,814,102</u>	<u>1,060,662</u>
TOTAL ASSETS		<u>\$9,440,809</u>	<u>\$13,245,550</u>

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Regulations 6[2] and 6[3] of the Electricity [Information Disclosure] Regulations 1994 and are not intended for any other purpose.

1. STATEMENT OF ACCOUNTING POLICIES

Accounting Entity

The Financial Statements are those of the line business and other business of Tauranga Electricity Limited.

Tauranga Electricity Limited is 100% owned by Tauranga Civic Holdings which, in turn, is 100% owned by the Tauranga District Council. There are four subsidiary companies of Tauranga Civic Holdings Limited - Aspen Contractors Ltd, Kaimai Hydropower Ltd, Tauranga Electricity Ltd and Testing Station Services Ltd. All are in a "prescribed" business relationship as defined by Regulation 3[i][a][iii] of the Electricity [Information Disclosure] Regulations 1994. However, Kaimai Hydropower Limited is the only entity carrying out activities in terms of Regulation 6 and is therefore the only entity which has been consolidated.

The period reported on 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 and have not been prepared for the purposes 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 Regulation 2 of the Electricity [Information Disclosure] Regulations 1994 in and around Tauranga.

Included in Other Businesses are all the other electricity activities [including the electricity trading and contracting activities] of Tauranga Electricity Limited which includes the operation of the Omanawa Power Station at 150kW output.

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 operating. These policies have been followed on a consistent basis.

Methodology of Separation of Businesses

Tauranga Electricity Limited has generally followed the Electricity Disclosure Guidelines issued by the Ministry of Commerce dated 23 June 1994, with the exceptions in the Allocation Methodologies Disclosure which are available on request in accordance with Regulation 19.

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.

Particular Accounting Policies

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

Specific Accounting Policies

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

TAURANGA ELECTRICITY LIMITED

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a] Revenue Recognition

Sales of electricity are determined on the basis of actual amounts billed to the customer during the year as determined by meter readings with an accrual for unbilled sales at year end.

b] Operating Lease Income

Income from an operating lease is recognised on a straight line basis over the term of the lease.

c] Depreciation

Depreciation is provided on a straight line or diminishing value basis on all tangible fixed assets other than freehold land, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Major depreciation periods are:

Freehold buildings	40 years
Plant and equipment	5 to 15 years
Office furniture and equipment	5 to 10 years
Motor vehicles	4 to 5 years
Network assets	5 to 25 years
Under construction [Network]	Nil

d] Leases

The company leases certain office furniture and equipment.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

e] Income Tax

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.

f] Fixed Assets

All fixed assets are recorded at cost.

g] Receivables

Receivables are stated at their estimated realisable value.

h] Inventories

Inventories are stated at the lower of weighted average cost, determined on a first-in first-out basis and net realisable value.

Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead based on the normal capacity of the facilities, expended in putting the inventories in their present location and condition.

TAURANGA ELECTRICITY LIMITED

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i] **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous year.

	Line Business	Other Businesses
2. NET PROFIT BEFORE TAXATION		
After charging:		
• Audit fees	18,886	21,511
• Depreciation	406,990	166,163
• Directors' fees	23,371	45,746
• Interest - term loan	263,512	0
• Interest - capital instrument	32,369	0
• Lease payments [operating]	0	14,089
• Loss on sale of assets	5,359	2,119
After crediting:		
• Gain on sale of assets	-	-
• Interest received	34,626	75,576
• Lease Income	70,000	0
3. TAXATION		
Profit before taxation	523,969	1,371,708
Prima facie taxation at 33%	172,910	452,663
Prior year adjustments	0	2,602
Group loss off-set		(141,000)
TrustPower shares		(825)
Taxation Expense	<u>\$172,910</u>	<u>\$313,440</u>
The taxation charge is represented by:		
Current taxation	202,514	315,570
Deferred taxation	<u>(29,604)</u>	<u>(2,130)</u>
	<u>\$172,910</u>	<u>\$313,440</u>
4. DIVIDENDS		
Interim distributions		
• Dividends paid	110,228	756,403
Proposed distribution		
• Proposed dividend	<u>30,196</u>	<u>202,173</u>
	<u>\$140,424</u>	<u>\$958,576</u>
5. SHARE CAPITAL		
Authorised capital		
5,100,000 ordinary \$1 shares	<u>\$4,757,666</u>	<u>\$12,342,334</u>
Issued and paid up capital		
5,100,000 ordinary fully paid \$1 shares	<u>\$4,757,666</u>	<u>\$12,342,334</u>

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Regulations 6[2] and 6[3] of the Electricity [Information Disclosure] Regulations 1994 and are not intended for any other purpose.

TAURANGA ELECTRICITY LIMITED

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	Line Business	Other Businesses
6. TERM LIABILITIES		
Term liabilities consist of:		
• Debt security Tauranga Civic Holdings Ltd	2,612,052	187,948
Due for repayment:		
1-2 years	373,150	26,850
2-3 years	373,150	26,850
3-5 years	746,300	53,700
5+ years	<u>1,119,452</u>	<u>80,548</u>
	<u>2,612,052</u>	<u>187,948</u>
7. ACCOUNTS PAYABLE & ACCRUALS		
Accounts Payable & Accruals	1,392,055	120,650
8. FIXED ASSETS		
• Freehold land [at cost]	-	52,937
• Freehold buildings [at cost]	212,351	117,353
Accumulated depreciation	(4,587)	(2,834)
• Plant and equipment	-	150,687
Accumulated depreciation	-	(30,308)
• Office furniture and equipment [at cost]	-	190,425
Accumulated depreciation	-	(94,943)
• Motor vehicles [at cost]	16,775	235,658
Accumulated depreciation	(5,368)	(74,101)
• Network assets [at cost]	7,715,295	-
Accumulated depreciation [Network]	(654,732)	-
• Under construction [Network] [at cost]	<u>292,771</u>	<u>-</u>
The government valuation of the land and buildings at 1 September 1994 was \$1,160,500.	<u>\$7,572,505</u>	<u>\$544,874</u>
9. VALUATIONS		
An ODV valuation was carried out as at 31 March 1995. This valued the assets of the line business at that date. The maximum valuation for the distribution assets totalled	<u>\$10,592,464</u>	
10. INVESTMENT		
Shares - PowerBuy Group Ltd		
40,000 Ordinary \$1 shares paid to 12.50¢	0	5,000
Tauranga Joint Generation Committee		11,628,614
TrustPower Limited		2,500
	<u>\$0</u>	<u>\$11,636,114</u>

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Regulations 6[2] and 6[3] of the Electricity [Information Disclosure] Regulations 1994 and are not intended for any other purpose.

TAURANGA ELECTRICITY LIMITED

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	Line Business	Other Businesses
11. FUTURE TAXATION BENEFIT		
Balance as at 31 March 1994	24,598	1,770
Prior year adjustment	-	-
Current year	<u>29,604</u>	<u>2,130</u>
Balance as at 31 March 1995	<u>\$54,202</u>	<u>\$3,900</u>
12. ACCOUNTS RECEIVABLE & PREPAYMENTS		
Accounts Receivable & Prepayments	<u>\$1,280,043</u>	<u>\$451,462</u>
13. TAXATION REFUND		
Balance as at 31 March 1994	(44,527)	(136,155)
Taxation for year	(202,514)	(315,570)
Taxation paid	<u>255,811</u>	<u>453,521</u>
	<u>\$8,770</u>	<u>\$1,796</u>

14. FINANCIAL INSTRUMENTS**Credit Risk**

Financial instruments which potentially subject the company to credit risk principally consist of bank balances and accounts receivable. Generally the company does not require collateral. Maximum exposure to credit risk is the amount stated in the financial statements and is net of any recognised provision for losses on these financial instruments.

Concentrations of Credit Risk

The company is not exposed to any concentrations of credit risk.

Credit Facilities

The company has no arranged bank overdraft facility.

Interest Rate Risk

The interest rate risk is limited to the effective interest rate on term loans.

Fair Values

The methods and assumptions used are that the carrying amount in the financial statement reflects the estimated fair value of the financial instruments including receivables, bank and investments, accounts payable and term liabilities. The company anticipates term liabilities and investments will be held to maturity.

	Line Business	Other Businesses
15. CONTINGENT LIABILITIES		
The company had contingent liabilities at balance date as follows:		
Uncalled share capital		
PowerBuy Group Limited		\$35,000
Subscription for Shares		
PowerBuy Group Limited - 28,000 shares		\$28,000

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Regulations 6[2] and 6[3] of the Electricity [Information Disclosure] Regulations 1994 and are not intended for any other purpose.

TAURANGA ELECTRICITY LIMITED

Guarantee

The company has guaranteed payment for electricity purchases by PowerBuy Group Limited in respect of hedges relating to the level of purchases of electricity by the company as from 1 July 1995.

Claim - Waitangi Tribunal

The company generates electricity from a hydro-electric station [Omanawa] located on the Omanawa River on land owned by the Tauranga District Council. The Ngati Ranginui and Ngati Rangikawa Hapu have claimed ownership of the land and lodged a claim with the Waitangi Tribunal on 18 February 1993. The amount of the claim is not able to be quantified.

	Line Business	Other Businesses
16. COMMITMENTS		
Capital Commitments		
Estimated capital expenditure contracted for at balance date but not provided for in relation to the reticulation of subdivisions		<u>\$1,004,350</u>
Operating Lease Commitments		
Lease commitments under non-cancellable operating leases.		
Payable		
• Not later than one year	-	5,943
• Later than one year and not later than two years	-	5,657
• Later than two years and not later than five years	-	3,525
• Later than five years	-	-
		<u>\$15,125</u>
17. TRANSACTIONS WITH RELATED PARTIES		
Tauranga Electricity Limited paid/received the following amounts to/from related parties:		
• Tauranga District Council		
Income	234,726	647,350
Expenditure		138,134
• Tauranga Civic Holdings Ltd	Expenditure	37,966
	923,085	
• Kaimai Hydropower Ltd	Expenditure	3,917,595
	1,186,885	
• Testing Station Services Ltd	Income	12,513
	629	
• Aspen Contractors Ltd	Income	5,071
• Kaimai HydroPower [TJGC]	Income	89,706

The accompanying Statement of Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Regulations 6[2] and 6[3] of the Electricity [Information Disclosure] Regulations 1994 and are not intended for any other purpose.

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		Line Business	Other Businesses
Accounts owing to/by related parties at balance date:			
•Tauranga District Council			
Debtor		6,718	87,669
Creditor			26,239
•Tauranga Civic Holdings Ltd	Creditor	92,800	
•Kaimai Hydropower Ltd	Creditor	107,898	366,825
•Kaimai HydroPower [TJGC]	Debtor		58,795

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

18. **SIGNIFICANT EVENTS AFTER BALANCE DATE**
There are no matters subsequent to Balance Date which require disclosure.

TAURANGA ELECTRICITY LIMITED

PART C

PERFORMANCE MEASURES AND STATISTICS FOR THE YEAR ENDED 31 MARCH 1995

**Pursuant to Regulations 13, 14, 15 and 16 of the
Electricity [Information Disclosure] Regulations 1994**

TAURANGA ELECTRICITY LIMITED

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PERFORMANCE MEASURES AND OTHER INFORMATION

The Regulations require electricity companies which operate a line business to publicly disclose and have available upon request a variety of Financial Reliability and Efficiency Performance Measures and Statistics.

In order to achieve consistency in these measure, and to allow comparisons between electricity company, the Regulations require a number of adjustments to be made to the Financial Statements, thus there can be variations in the Financial Statements supplied in Part B of this disclosure and those calculated in this Part C.

1. Financial Performance Measures

The Financial Performance Measures, as per Regulation 13, and Part II, Clause 1 of the First Schedule to the Disclosure Regulations, are:

Accounting return on assets	11.8%
Accounting return on equity	9.8%
Accounting rate of profit	8.1%

2. Efficiency Performance Measures

The Efficiency Performance Measures as per Regulation 13 and Part II, Clause 2, of the First Schedule to the Disclosure Regulations are:

Direct line costs per kilometre	\$2,416.14
Indirect line cost per electricity customer	\$162.59

3. Energy Delivery Efficiency Performance Measures - Part III, Clause 1**a] Load Factor**

$$\frac{74,073,305}{16,640 \times 8,760} \times \frac{100}{1} = 50.82$$

b] Loss Ratio

$$\frac{2,829,540}{74,073,305} \times \frac{100}{1} = 3.82$$

c] Capacity Utilisation

$$\frac{16,640}{49,600} \times \frac{100}{1} = 33.55$$

TAURANGA ELECTRICITY LIMITED

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4. **Statistics - Part III, Clause 2**

a]	System Length	33kV	17.731km
		11kV	41.795km
		400v	98.033km
b]	Total Circuit Kilometre Length [Overhead]	33kV	8.478km
		11kV	1.660km
		400v	30.422km
c]	Total Circuit Kilometre Length [Underground]	33kV	9.253km
		11kV	40.135km
		400v	67.611km
d]	Transformer Capacity		49,600KVA
e]	Maximum Demand		16640kW
f]	Total Electricity Supplied from the System		71,243,705kWh
g]	Energy Conveyed for Others		1,495,710kWh
h]	Total Customers		4,538

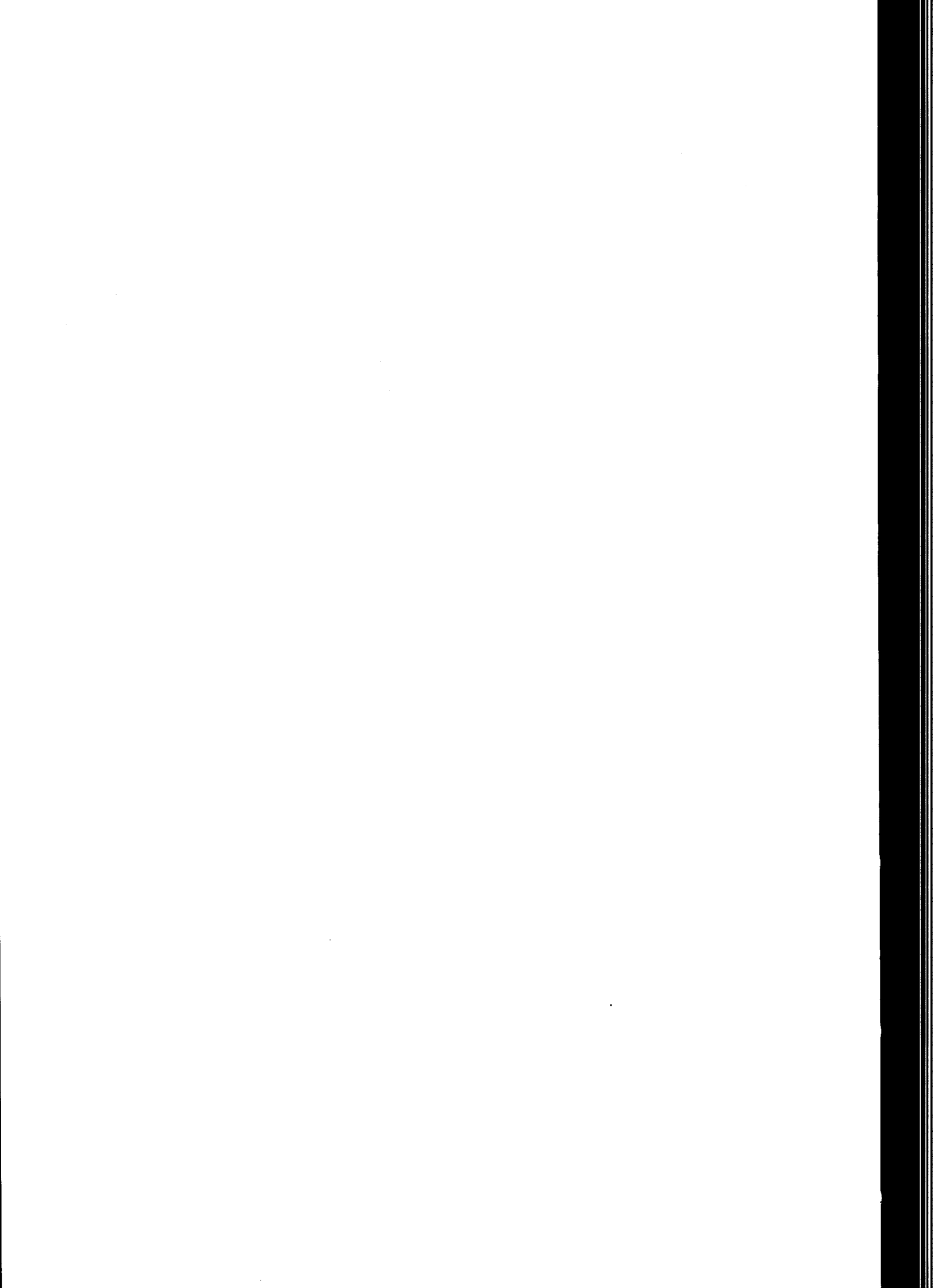
TAURANGA ELECTRICITY LIMITED

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RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS

Reliability Performance Measures pursuant to Regulation 16 and Part IV of the First Schedule to the Electricity [Information Disclosure] Regulations 1994, are:

INTERRUPTIONS	ESTIMATED TIME [mins]	ESTIMATED CUSTOMERS	CUSTOMER MINUTES	SAIDI cust/min/con-cust	SAIFI cust-int/con-cust	CAIDI [=SAIDI/SAIFI] min/cust-int
PLANNED	15625	172	14622	0.3322	0.0039	85.0116
UNPLANNED	591	351	29431	0.6687	0.0080	83.8490
TOTAL	16216	523	44053	1.0009	0.0119	84.2314
CONN-CUST FOR YEAR =			44015			



WAIPA POWER LIMITED

WAIPA POWER LIMITED - LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1995

	Note	1995 \$
SALES		<u>9,826,468</u>
NET PROFIT BEFORE TAX	2	2,110,290
LESS TAXATION EXPENSE	3	<u>707,147</u>
NET PROFIT AFTER TAX		1,403,143
DIVIDENDS AND DISTRIBUTIONS		
PROVISION FOR DIVIDEND		1,146,778
RETAINED EARNINGS FOR THE YEAR		<u>256,365</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements. The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

WAIPA POWER LIMITED - LINE BUSINESS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1995

	Note	1995 \$
CORPORATE OWNERSHIP		
Authorised and paid up capital	4	8,000,000
Capitalisation of assets reserve	5	7,903,349
Retained earnings		603,149
TOTAL CORPORATE OWNERSHIP		<u><u>16,506,498</u></u>
Represented By:		
CURRENT ASSETS		
Cash and Bank	6	273,246
Short term investments	6	4,864,322
Receivables and prepayments	7	1,106,359
Inventories	8	<u>500,596</u>
		6,744,523
CURRENT LIABILITIES		
Accounts payable and accruals - trade		739,662
Provisions	9	1,222,556
Taxation payable		<u>(43,680)</u>
		<u>1,918,538</u>
WORKING CAPITAL		4,825,985
NON - CURRENT ASSETS		
Fixed assets	10	11,782,502
Future taxation benefit	3	(101,989)
NET ASSETS		<u><u>16,506,498</u></u>

For and on behalf of the Company



G T Rodger Chairperson



D M Reed Deputy Chairperson

The accompanying notes form part of and are to be read in conjunction with these financial statements. The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

WAIPA POWER LIMITED - LINE BUSINESS

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 1995

1 STATEMENT OF ACCOUNTING POLICIES**General Accounting Policies**

The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 (the Regulations) on an historical cost basis. As this is the first year that the regulations have been in effect, comparative information is not required, and therefore no comparative information has been prepared.

Particular Accounting Policies

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

a) Network Charges

Income from Network charges includes an estimated amount for accrued sales from meters unread as at 31 March 1995.

b) Investments

Investments are stated at the lower of cost plus accrued interest and net realisable value.

c) Fixed Assets

The Board has five classes of fixed assets as follows:

Freehold Land
Freehold Buildings
Reticulation Assets
Motor Vehicles
Plant and Equipment

Fixed assets are recorded at cost less accumulated depreciation.

Assets constructed by the company are capitalised at direct cost plus a proportion of indirect overheads.

d) Infrastructure Asset

The Infrastructure asset comprises the reticulation network

Expenditure on the infrastructure asset which increases the operating capability of, or which enhances or develops, the network is capitalised.

Expenditure incurred to maintain the operating capability of the infrastructure asset is charged as maintenance.

e) Capital Contributions

Capital contributions are recognised as income when received.

f) Depreciation

Depreciation on non infrastructure assets has been charged at rates in accordance with those prescribed by the Inland Revenue Department for tax deduction purposes.

Depreciation on Assets purchased during the year has been charged on a monthly basis from month of purchase.

Buildings	1 - 4% SL
Motor Vehicles	20 - 25% DV
Plant, Furniture and Equipment	10 - 25% DV

g) Receivables

Receivables are stated at their estimated realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

h) Income Tax

The income tax expense charged to the profit and loss statement includes both the current year expense and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation

i) Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

j) Financial Instruments

The Company includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, debtors, creditors, investments and term liabilities. Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

k) Methodology of Separation of Businesses

Waipa Power Limited has generally followed the Electricity Disclosure Guidelines as issued by the Ministry of Commerce dated 23 June 1994 with the exceptions available on request in accordance with Regulation 19.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been consistently applied during the year.

2 NET PROFIT BEFORE TAXATION

	1995
	\$
After Charging:	
Direct Expenditure	2,181,555
Audit fees and expenses	18,253
Directors' fees	43,760
Other Indirect expenditure	1,020,379
Depreciation	187,651
After Crediting:	
Interest Received	364,227

3 TAXATION

	1995
	\$
Net profit before taxation	<u>2,110,290</u>
Prima facie taxation at 33%	696,396
Tax effect of permanent differences - non-assessable items	<u>31,802</u>
Taxation Expense	728,198
Over provision previous year	(34,012)
Adjustments Previous Years	<u>12,961</u>
Total Taxation Expense	<u><u>707,147</u></u>
The Taxation charge comprises:	
- current taxation	557,923
- deferred taxation	<u>149,224</u>
	<u><u>707,147</u></u>
Deferred Taxation/(Future Taxation Benefit)	
Opening balance	(51,624)
Adjustments Previous Years	4,389
Deferred portion of current year tax expense	<u>149,224</u>
	<u><u>101,989</u></u>
Deferred tax relates primarily to non-deductible provisions.	
Imputation credit memorandum account.	
Balance at the beginning of the year	508,874
Dividends Allocated	(342,322)
Taxation paid	<u>586,751</u>
Balance at end of year	<u><u>753,303</u></u>

4 SHARE CAPITAL1995
\$

Authorised, Issued & Paid-up Share Capital 8,000,000 ordinary shares of \$1 each	8,000,000
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In accordance with the Company's establishment plan approved by the Minister of Energy, 8,000,000 fully paid ordinary shares of \$1 each were issued to the Waipa Power Trust.

5 CAPITALISATION OF ASSETS

The capitalisation of assets reserve was initially created to represent the difference between the net assets taken over by the Company on 1 May 1993 and the par value of fully paid up shares issued to Waipa Power Trust.

1995
\$

Net assets of Te Awamutu and Cambridge Electric Power Boards taken over on 1 May 1993	15,903,349
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Par value of shares issued as fully paid up	8,000,000
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Capitalisation of Assets Reserve	<u>7,903,349</u>
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6 FINANCIAL INSTRUMENTS

The estimated fair value of Waipa Power Limited's financial instruments at 31 March 1995 are as follows:

1995
\$

Assets	
Cash and bank	273,246
Short term investments	4,864,322

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value:

Cash and bank

The carrying amount of these is equivalent to the fair value.

The definition of Cash and bank is cash on hand and bank account balance.

Investments

The carrying amount of these items is equivalent to the fair value.

The definition of Short term investments is call and deposits maturing within one year.

Credit Risk

Waipa Power Limited places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the board of directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by its counterparts, it does not expect such losses to occur.

7 RECEIVABLES

	1995
	\$
Trade debtors	997,072
Provision for Doubtful Debts	<u>(10,406)</u>
	986,666
Accrued Income	108,457
Prepayments	<u>11,236</u>
	<u><u>1,106,359</u></u>

8 INVENTORIES

	1995
	\$
Stock	500,596
Work in Progress	<u>0</u>
	<u><u>500,596</u></u>

9 PROVISIONS

	1995
	\$
Payroll Provisions (annual leave, holiday pay, etc)	75,778
Provision for dividend	<u>1,146,778</u>
	<u><u>1,222,556</u></u>

10 FIXED ASSETS1995
\$

Reticulation Assets	
Cost	14,116,208
Accumulated Depreciation	<u>4,342,150</u>
Net Book Value	9,774,058
Freehold Land	
Cost	93,443
Freehold Buildings	
Cost	1,536,867
Accumulated Depreciation	<u>145,535</u>
Net Book Value	1,391,332
Motor Vehicles	
Cost	1,402,551
Accumulated Depreciation	<u>1,018,948</u>
Net Book Value	383,603
Plant, Furniture and Fittings	
Cost	369,127
Accumulated Depreciation	<u>229,061</u>
Net Book Value	<u>140,066</u>
Total Net Book Value	<u><u>11,782,502</u></u>

Depreciation on infrastructure assets ceased with effect from 1 April 1994. Thus accumulated depreciation records the amount of depreciation up to 31 March 1994.

Assets have been valued at \$43,163,918 using the ODV method as at 31/3/95

Assets constructed by the company are capitalised at direct cost plus a proportion of indirect overheads. Such expenditure includes:

- i) any building of new lines in unreticulated areas.
- ii) the incremental cost of providing additional capacity in previously reticulated areas.
- iii) the provision of new transformers.
- iv) new substation work and enhancements to existing substations.

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at balance date the Company had no contingent liabilities or capital commitments.

12 CORPORATISATION OF WAIPA POWER LIMITED

In accordance with the Energy Companies Act 1992, all activities, assets and liabilities of Cambridge and Te Awamutu Electric Power Boards transferred to the public company, Waipa Power Limited on 1 May 1993.

The shares of Waipa Power Limited are held in trust by Trustees of the Waipa Power Trust.

13 RELATED PARTIES

Related party transactions in the accounts of Waipa Power Limited are;

- i) An advance to the Waipa Power Trust of \$20,000 to cover its projected running costs. The advances were reimbursed during the year.

In addition, provision has been made in the accounts for payment of a dividend to the Waipa Power Trust of \$1,185,407

14 PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under regulation 13 of the Electricity (Information Disclosure) Regulations 1994

1. Financial performance measures

(a) Accounting return on total assets	4.26%
(b) Accounting return on equity	2.84%
(c) Accounting rate of profit	3.08%

2. Efficiency performance measures:

(a) Direct line costs per kilometre	\$1,186
(b) Indirect line costs per electricity customer	\$55

Disclosure of energy efficiency performance measures and statistics under regulation 15 of the Electricity (Information Disclosure) Regulations 1994

1. Energy Delivery efficiency performance measures:

(a) Load factor	56.76
(b) Loss ratio	6.63
(c) Capacity utilisation	34.87

2. Statistics

(a) System Length

Circuit Kilometres >11kV	0
Circuit Kilometres 11kV	1,329
Circuit Kilometres 400V	512
Total	1,840

(b) System Length - Overhead

Circuit Kilometres >11kV	0
Circuit Kilometres 11kV	1,291
Circuit Kilometres 400V	399
Total Overhead	1,690

(c) System Length - Underground

Circuit Kilometres >11kV	0
Circuit Kilometres 11kV	38
Circuit Kilometres 400V	113
Total Underground	151

(d) Transformer Capacity (In Kilovolt Amperes)	152,413
(e) Maximum Demand	53,154
(f) Electricity Supplied from the system (in Kilowatt Hours)	246,793,027
(g) Electricity Conveyed through the system (in Kilowatt Hours)	0
(h) Total Customers	19,683

Disclosure of reliability performance measures under regulation 16 of the Electricity
(Information Disclosure) Regulations 1994

1	Total number of interruptions	
	Class A - Planned interruptions caused by Transpower	0
	Class B - Planned interruptions by Line Owners	309
	Class C - Unplanned interruptions by Line Owners	119
	Class D - Unplanned interruptions caused by Transpower	2
	Class E - Unplanned interruptions caused by generation by ECNZ	0
	Class F - Unplanned interruptions caused by other generation	0
	Class G - Any loss of supply not covered by classes A to F	0
	Total	430
2	The total number of faults per 100 circuit kilometers of prescribed voltage electric line	
	11kV	8.95
3	The total number of faults per 100 circuit kilometers of underground prescribed voltage electric line	
	11kV	0.00
4	The total number of faults per 100 circuit kilometers of overhead prescribed voltage electric line	
	11kV	9.22
5	The SAIDI for the total number of interruptions	411.53
6	The SAIDI for the total number of interruptions within each interruption class	
	Class A - Planned interruptions caused by Transpower	0.00
	Class B - Planned interruptions by Line Owners	104.97
	Class C - Unplanned interruptions by Line Owners	257.10
	Class D - Unplanned interruptions caused by Transpower	49.46
	Class E - Unplanned interruptions caused by generation by ECNZ	0.00
	Class F - Unplanned interruptions caused by other generation	0.00
	Class G - Any loss of supply not covered by classes A to F	0.00
7	The SAIFI for the total number of interruptions	5.66
8	The SAIFI for the total number of interruptions within each interruption class	
	Class A - Planned interruptions caused by Transpower	0.00
	Class B - Planned interruptions by Line Owners	0.59
	Class C - Unplanned interruptions by Line Owners	3.97
	Class D - Unplanned interruptions caused by Transpower	1.10
	Class E - Unplanned interruptions caused by generation by ECNZ	0.00
	Class F - Unplanned interruptions caused by other generation	0.00
	Class G - Any loss of supply not covered by classes A to F	0.00
9	The CAIDI for the total number of interruptions	73

10 The CAIDI for the total number of interruptions within each interruption class

Class A - Planned interruptions caused by Transpower	0
Class B - Planned interruptions by Line Owners	177
Class C - Unplanned interruptions by Line Owners	65
Class D - Unplanned interruptions caused by Transpower	45
Class E - Unplanned interruptions caused by generation by ECNZ	0
Class F - Unplanned interruptions caused by other generation	0
Class G - Any loss of supply not covered by classes A to F	0

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

We, Mr GORDON RODGER, and Ms DIANE REED, Directors of **WAIPA POWER LIMITED** certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of **WAIPA POWER 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 **WAIPA POWER 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.

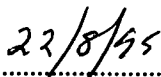
The valuations on which those financial performance measures are based are at 31 March 1995.

Signatures:


..... MR GORDON RODGER


..... MS DIANE REED

Date:


.....



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

WAIPA POWER LIMITED

I have examined the attached financial statements prepared by Waipa Power Limited and dated 22 August 1995 for the purpose of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiry, to the best of my 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.

K Murphy

Audit New Zealand

On behalf of the Controller and Auditor-General

23 August 1995

Hamilton, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

WAIPA POWER LIMITED

I 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 Waipa Power Limited and dated 22 August 1995 for the purposes of regulation 13 of those regulations.

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

K Murphy
Audit New Zealand
On behalf of the Controller and Auditor-General
23 August 1995
Hamilton, New Zealand



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

WAIPA POWER LIMITED

I have examined the valuation report prepared by Coopers and Lybrand and dated 22 August 1995, which report contains valuations as at 31 March 1995.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report have been made in accordance with the ODV handbook.

A handwritten signature in black ink, appearing to read 'K Murphy'. The signature is fluid and cursive, with a large loop at the end of the 'y'.

K Murphy
Audit New Zealand
On behalf of the Controller and Auditor General
23 August 1995
Hamilton, New Zealand

WAIPA POWER LIMITED - ELECTRICITY RETAILING

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 1995

	Note	1995 \$
SALES		<u>14,592,774</u>
NET PROFIT BEFORE TAX	2	894,515
LESS TAXATION EXPENSE	3	<u>278,797</u>
NET PROFIT AFTER TAX		615,718
DIVIDENDS AND DISTRIBUTIONS		
PROVISION FOR DIVIDEND		503,222
RETAINED EARNINGS FOR THE YEAR		<u>112,496</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements. The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

WAIPA POWER LIMITED - ELECTRICITY RETAILING

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1995

	Note	1995 \$
CORPORATE OWNERSHIP		
Authorised and paid up capital	4	2,000,000
Capitalisation of assets reserve	5	3,352,477
Retained earnings		199,236
TOTAL CORPORATE OWNERSHIP		<u><u>5,551,713</u></u>
Represented By:		
CURRENT ASSETS		
Cash and Bank	6	396,381
Short term investments	6	3,660,676
Receivables and prepayments	7	1,604,926
Inventories	8	<u>585,986</u>
		6,247,969
CURRENT LIABILITIES		
Accounts payable and accruals - trade		1,575,248
Provisions	9	773,300
Taxation payable		<u>(14,855)</u>
		<u>2,333,693</u>
WORKING CAPITAL		3,914,276
NON - CURRENT ASSETS		
Fixed assets	10	1,529,171
Future taxation benefit	3	108,266
NET ASSETS		<u><u>5,551,713</u></u>

For and on behalf of the Company



G T Rodger Chairperson



D M Reed Deputy Chairperson

The accompanying notes form part of and are to be read in conjunction with these financial statements. The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

WAIPA POWER LIMITED - ELECTRICITY RETAILING

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 1995

1 STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 (the Regulations) on an historical cost basis. As this is the first year that the regulations have been in effect, comparative information is not required, and therefore no comparative information has been prepared.

Particular Accounting Policies

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

a) Electricity Sales

Sales of electricity includes an estimated amount for accrued sales from meters unread as at 31 March 1995.

b) Investments

Investments are stated at the lower of cost plus accrued interest and net realisable value.

c) Fixed Assets

The Board has four classes of fixed assets as follows:

Freehold Land
Freehold Buildings
Motor Vehicles
Plant and Equipment

Fixed assets are recorded at cost less accumulated depreciation.

d) Depreciation

Depreciation has been charged at rates in accordance with those prescribed by the Inland Revenue Department for tax deduction purposes.

Depreciation on Assets purchased during the year has been charged on a monthly basis from month of purchase.

Buildings	1 - 4% SL
Motor Vehicles	20 - 25% DV
Plant, Furniture and Equipment	10 - 25% DV

e) Receivables

Receivables are stated at their estimated realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

f) Income Tax

The income tax expense charged to the profit and loss statement includes both the current year expense and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation

g) Inventories

Inventories are stated at the lower of weighted average cost and net realisable value.

Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

h) Financial Instruments

The Company includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, debtors, creditors, investments and term liabilities. Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

i) Methodology of Separation of Businesses

Waipa Power Limited has generally followed the Electricity Disclosure Guidelines as issued by the Ministry of Commerce dated 23 June 1994 with the exceptions available on request in accordance with Regulation 19.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been consistently applied during the year.

2 NET PROFIT BEFORE TAXATION

	Note	1995 \$
After Charging:		
Audit fees and expenses		18,253
Depreciation		87,564
Directors' fees		33,324
After Crediting:		
Interest Received		274,012
Net Surplus of Assets Disposals		83,532

3 TAXATION

	1995 \$
Net profit before taxation	<u>894,515</u>
Prima facie taxation at 33%	295,190
Tax effect of permanent differences - non-assessable items	<u>(16,393)</u>
Taxation Expense	278,797
Over provision previous year	
Adjustments Previous Years	<u> </u>
Total Taxation Expense	<u><u>278,797</u></u>
The Taxation charge comprises:	
- current taxation	287,497
- deferred taxation	<u>(8,701)</u>
	<u><u>278,796</u></u>
Deferred Taxation/(Future Taxation Benefit)	
Opening balance	(99,565)
Adjustments Previous Years	
Deferred portion of current year tax expense	<u>(8,701)</u>
	<u><u>(108,266)</u></u>
Deferred tax relates primarily to non-deductible provisions.	
Imputation credit memorandum account.	
Balance at the beginning of the year	200,626
Dividends Allocated	(150,216)
Taxation paid	<u>302,352</u>
Balance at end of year	<u><u>352,762</u></u>

4 SHARE CAPITAL

1995

\$

Authorised, Issued & Paid-up Share Capital

2,000,000 ordinary shares of \$1 each

2,000,000

In accordance with the Company's establishment plan approved by the Minister of Energy, 2,000,000 fully paid ordinary shares of \$1 each were issued to the Waipa Power Trust.

5 CAPITALISATION OF ASSETS

The capitalisation of assets reserve was initially created to represent the difference between the net assets taken over by the Company on 1 May 1993 and the par value of fully paid up shares issued to Waipa Power Trust.

1995

\$

Net assets of Te Awamutu and Cambridge

Electric Power Boards taken over on 1 May 1993

5,352,477

Par value of shares issued as fully paid up

2,000,000

Capitalisation of Assets Reserve

 3,352,477

6 FINANCIAL INSTRUMENTS

The estimated fair value of Waipa Power Limited's financial instruments at 31 March 1995 are as follows:

1995

\$

Assets

Cash and bank

396,381

Short term investments

3,660,676

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value:

Cash and bank

The carrying amount of these is equivalent to the fair value.

The definition of Cash and bank is cash on hand and bank account balance.

Investments

The carrying amount of these items is equivalent to the fair value.

The definition of Short term investments is call and deposits maturing within one year.

Credit Risk

Waipa Power Limited places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the board of directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by its counterparts, it does not expect such losses to occur.

7 RECEIVABLES

	1995
	\$
Trade debtors	1,540,604
Provision for Doubtful Debts	<u>(39,594)</u>
	1,501,010
Accrued Income	81,594
Prepayments	<u>22,322</u>
	<u><u>1,604,926</u></u>

8 INVENTORIES

	1995
	\$
Stock	354,713
Work in Progress	<u>231,273</u>
	<u><u>585,986</u></u>

9 PROVISIONS

	1995
	\$
Payroll Provisions (annual leave, holiday pay, etc)	270,078
Provision for dividend	<u>503,222</u>
	<u><u>773,300</u></u>

10 FIXED ASSETS

	1995 \$
Freehold Land	
Cost	15,613
Freehold Buildings	
Cost	1,148,977
Accumulated Depreciation	<u>163,638</u>
Net Book Value	985,339
Motor Vehicles	
Cost	191,092
Accumulated Depreciation	<u>82,200</u>
Net Book Value	108,892
Plant, Furniture and Fittings	
Cost	1,195,313
Accumulated Depreciation	<u>775,986</u>
Net Book Value	<u>419,327</u>
Total Net Book Value	<u><u>1,529,171</u></u>

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at balance date the Company had no contingent liabilities or capital commitments.

12 CORPORATISATION OF WAIPA POWER LIMITED

In accordance with the Energy Companies Act 1992, all activities, assets and liabilities of Cambridge and Te Awamutu Electric Power Boards transferred to the public company, Waipa Power Limited on 1 May 1993.

The shares of Waipa Power Limited are held in trust by Trustees of the Waipa Power Trust.

13 RELATED PARTIES

Related party transactions in the accounts of Waipa Power Limited are;

- i) An advance to the Waipa Power Trust of \$20,000 to cover its projected running costs. The advances were reimbursed during the year.

In addition, provision has been made in the accounts for payment of a dividend to the Waipa Power Trust of \$464,593

