

New Zealand Gazette

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POWER COMPANIES

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

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CENTRALPOWER LIMITED

CENTRALPOWER LIMITED
ENERGY AND LINE BUSINESSES
NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the reporting entities, being the Energy and Line businesses of CentralPower Limited.

The financial statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

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

a) Income Recognition

Electricity sales represent customer usage during the reported period. An allowance (which is not expected to vary by greater than ten percent from actual billings), has been made for unbilled electricity sales (unread meters and unbilled line charges).

b) Investments

Short Term Deposits

Short term deposits are stated at cost.

Associated Companies

Investments in associated companies are accounted for on an equity basis. Unrealised losses from associated companies have been recognised in the Statement of Financial Performance.

Listed Companies

Investments in shares in listed public companies are recorded at market value based on official New Zealand Stock Exchange quotations at balance date. The difference between market value and cost has been recognised in the Statement of Financial Performance.

c) Fixed Assets

CentralPower has six classes of fixed assets:

- Network lines
- Network equipment
- Freehold land
- Freehold buildings
- Plant and equipment
- Motor vehicles

All fixed assets are initially recorded at cost. Land and buildings are subsequently revalued to net current value or where the land and buildings are for resale, to the lower of cost and net realisable value as determined by an independent valuer.

Self constructed assets are assets constructed by CentralPower for its own use. They are primarily network lines.

Reconstructed lines have been capitalised to fixed assets. The cost of self constructed assets includes the direct costs of construction for materials and labour and an allocation of the production overheads which relate to bringing the asset to the location and condition necessary for its intended service.

d) Depreciation

Depreciation is provided on a straight line basis on all 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 useful lives are:

Network lines	35 to 45 years
Network equipment	35 to 45 years
Freehold buildings	25 to 50 years
Plant and equipment	3 to 15 years
Motor vehicles	3 to 10 years

e) Receivables

Trade, non-trade and hire purchase receivables are stated at their net estimated realisable value. The valuation is net of a general provision maintained for doubtful debts which could be expected to arise in subsequent accounting periods, provision for which is made from operating surplus. All known losses are charged to the Statement of Financial Performance in the period in which it becomes apparent that the debts are not collectible.

Hire Purchase receivables include unearned interest. Total interest is included at the time the contract is signed and is allocated over the term of the contract using the 'Rule of 78' method.

f) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both the current years expense and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting is applied on a partial basis as 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 cost (calculated on an average cost basis), or net realisable value.

A provision for obsolescence is made for inventory which has not moved within the previous twelve month period. The provision represents the average cost of all inventory items considered obsolete.

Work in progress is valued at net realisable value.

h) Contributions for Subdivisions/Uneconomic Lines

Capital contributions received from customers towards the cost of reticulating new subdivisions and constructing uneconomic lines are offset against the capital cost of the related network assets.

i) Accounting for Goods and Services Tax

All items shown in the financial statements are net of Goods and Services Tax, except for receivables and payables which are shown at the gross amount.

j) Disclosure of methodologies for allocation of costs, revenues, assets and liabilities

The costs, revenues, assets and liabilities of the company have been allocated between the Energy and the Line businesses in accordance with the methodology set out in the Ministry of Commerce Guidelines with the following variations:

- (1) Billing and metering costs are allocated between the Line and Energy businesses on a 50:50 basis.
- (2) Allocation of sundry accruals, between the Line and Energy businesses, is on the basis of cost of sales.
- (3) Allocation of GST, between the Line and Energy businesses, is on the basis of net margin.
- (4) Allocation of indirect rates costs, between the Line and Energy businesses, is on the basis of floor area occupied.
- (5) Allocation of indirect cleaning costs, between the Line and Energy businesses, is on the basis of floor area occupied.
- (6) Allocation of Contracting Division overheads, between the Line and Energy businesses, is based on gross margin from internal/external Contracting sales.

NOTE 2. SURPLUS BEFORE TAXATION

	Lines	Energy
<i>After charging</i>		
Audit fees	30	8
Bad debts written off	68	73
Depreciation expense	1513	155
(Gain)/Loss on sale fixed assets	(1)	-
Directors fees	107	28
Leasing and rental expenses	45	12
Brokerage	34	9
Merger proposal expenses	316	84
Articles of Association redrafting expenses	42	11
<i>After Crediting</i>		
Sales	31768	24973
Interest	69	10
Dividends	666	-

NOTE 3. TAXATION

Taxation has been prorated between Line and Energy businesses using net profit before taxation as the allocation basis.

NOTE 4. CURRENT ASSETS

Cash	705	(3)
Debtors	2989	13755
Inventories	594	242
Fixed assets (Land and Building for sale)	<u>639</u>	<u>-</u>
	<u>4927</u>	<u>13994</u>

NOTE 5. FIXED ASSETS

Network Lines and Equipment (Net)	29407	-
Freehold Land and Buildings (At Valuation)	4694	320
Other Fixed Assets (Net)	<u>2058</u>	<u>441</u>
	<u>36159</u>	<u>761</u>

NOTE 6. INVESTMENTS

Associated companies	-	3
Listed companies	16106	-
Subsidiary companies (four non-operating companies)	<u>-</u>	<u>-</u>
	<u>16106</u>	<u>3</u>

NOTE 7. CURRENT LIABILITIES

	Lines	Energy
Creditors	1637	2241
Accruals	<u>14719</u>	<u>441</u>
	<u>16356</u>	<u>2682</u>

PERFORMANCE MEASURES

PART II

1. FINANCIAL PERFORMANCE MEASURES

(a) Accounting return on total assets		6.0%
(b) Accounting return on equity		4.8%
(c) Accounting rate of profit		3.8%

2. EFFICIENCY PERFORMANCE MEASURES

(a) Direct line costs per km	\$/km	628
(b) Indirect line costs per electricity customer	\$/cust	290

PART III

1. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

(a) Load factor		59.6%
(b) Loss ratio (excluding bulk sales)		7.3%
(c) Capacity utilisation		29.4%

2. STATISTICS

(a) system length together with breakdown of length into nominal voltages	33KV	267
	11KV	2577
	400 V	860
	total	3705

(b) total circuit length (km) of overhead lines that form part of the system and breakdown of length according to nominal line voltages	33KV	261
	11KV	2476
	400 V	609
	total	3346

(c) total circuit length (km) of underground lines that form part of the system and breakdown of length according to nominal line voltages	33KV	7
	11KV	107
	400 V	261
	total	375

(d) Transformer capacity, in kilovolt amperes 290,398

(e) Maximum demand, in kilowatts 85,273

(f) Total electricity supplied from the system in kilowatt hours 445,426,839

(g) Total amount of electricity conveyed through the system during the financial year on behalf of other persons that are electricity generators or electricity retailers not being persons in PBR with the line owner

NIL

(h) Total customers 32,657

PART IV

RELIABILITY PERFORMANCE MEASURES

1. Total number of interruptions, together with a breakdown into interruption class	class A	0
	class B	423
	class C	336
	class D	1
	class E	0
	class F	0
	class G	0
	total	760

2. Total number of faults per 100 circuit km of prescribed voltage electric lines 11

3. Total number of faults per 100 circuit km of U/G prescribed voltage electric lines together with a breakdown into nominal voltages	33kv	0.00
	11kv	5.60
	total	5.27

4. Total number of faults per 100 circuit km of O/H prescribed voltage electric lines together with a breakdown into nominal voltages	33kv	3.45
	11kv	12.60
	total	11.73

(5) & (6) SAIDI for total interruptions and the SAIDI broken down by interruption class	class A	0
	class B	103
	class C	120
	class D	7
	class E	0
	class F	0

class G 0
total 230

(7)&(8)SAIFI for total interruptions and the SAIFI broken down by interruption class

class A 0
class B 1
class C 3
class D 0
class E 0
class F 0
class G 0
total 4

(9)&(10)CAIDI for total interruptions and the CAIDI broken down by interruption class

class A 0
class B 169
class C 35
class D 27
class E 0
class F 0
class G 0
total 53

CENTRALPOWER LIMITED
ENERGY AND LINE BUSINESSES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 1995

	NOTES	LINES (000's)	ENERGY (000's)
CURRENT ASSETS	4	4927	13994
FIXED ASSETS	5	36159	761
INVESTMENTS	6	16106	3
TOTAL ASSETS		<u>57192</u>	<u>14758</u>
CURRENT LIABILITIES	7	16356	2682
SHAREHOLDERS FUNDS		40836	12076
TOTAL EQUITY AND LIABILITIES		<u>57192</u>	<u>14758</u>

CENTRALPOWER LIMITED
ENERGY AND LINE BUSINESSES
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1995

	NOTES	LINES (000's)	ENERGY (000's)
REVENUE	2	32503	24,983
EXPENSES	2	25757	25,137
Earnings before interest and tax		6746	(154)
Interest Expense		4	0
Net profit before taxation		<u>6742</u>	<u>(154)</u>
Taxation		1966	(45)
Net profit after taxation		<u>4776</u>	<u>(109)</u>

ARTHUR ANDERSEN

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by CentralPower Limited 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.



Kevin J Fox
4 August 1995

ARTHUR ANDERSEN

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

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 CentralPower Limited and dated 31 March 1995 for the purposes of regulation 13 of those regulations.

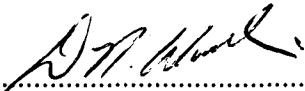
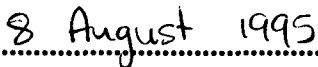
I certify that, having made all reasonable enquiry, to the best of my knowledge, that the information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.



Kevin J Fox
4 August 1995

Form 4**CERTIFICATION OF FINANCIAL STATEMENTS BY
DIRECTORS OF THE COMPANY**

We, Derek Neil Walker, and William Cameron McPhail, being directors of CentralPower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge, the attached audited financial statements, having been prepared for the purposes of regulation 4 of the Electricity (Information Disclosure) Regulations 1994, gives a true and fair view of the matters to which it relates and complies with the requirements of those regulations.

.....
Director.....
Director.....
Date

Coopers
& Lybrand

chartered accountants

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facsimile 0-9-309 5828

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Christchurch Dunedin Invercargill

A Member Firm of
Coopers & Lybrand International

The Directors
Central Power Limited
Private Bag 11024
PALMERSTON NORTH 5320

**CERTIFICATION BY AUDITOR IN RELATION TO
ODV VALUATION OF CENTRAL POWER'S
LINES BUSINESS**

I have examined the valuation report prepared by Coopers & Lybrand and dated 28 April 1995, which report contains valuations as at 1 April, 1994.

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.

W. M. Cook

WILLIAM MURRAY COOK
27 JULY 1995

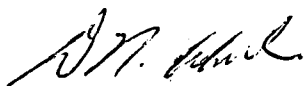
Form 5

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

We, Derek Neil Walker and William Cameron McPhail, directors of CentralPower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge :

- (a) The attached audited financial statements of CentralPower 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 CentralPower 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.



.....
D N Walker - Managing Director

Date: 11 August 1995



.....
W C McPhail - Director

Date: 14 August 1995

Form 7

**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND
INFORMATION SUPPLIED TO SECRETARY OF COMMERCE**

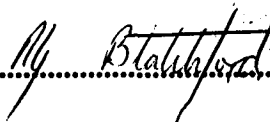
I, Derek Neil Walker, of 41A Elmira Avenue, Palmerston North, being a director of CentralPower Limited, solemnly declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public pursuant to the Electricity (Information Disclosure) Regulations 1994.

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


.....

D N Walker

Declared at Palmerston North this 11 day of August 1995


.....

Justice of the Peace

**EGMONT ELECTRICITY
LIMITED**

**EGMONT ELECTRICITY LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1995**

	Notes	Lines Activity \$000	Generation Activity \$000	Energy Retailing Activity \$000
CONTINUING ACTIVITIES				
Revenue		\$10,934	\$8,001	\$13,122
Expenses	3	\$9,625	\$6,382	\$12,332
SURPLUS BEFORE TAXATION		\$1,309	\$1,619	\$790
Provision for Taxation	4	\$0	\$0	\$0
NET SURPLUS FOR THE YEAR		\$1,309	\$1,619	\$790
Retained Earnings at Beginning of Year		\$244	\$428	\$43
RETAINED EARNINGS		\$1,553	\$2,047	\$833

**EGMONT ELECTRICITY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1995**

	Notes	Lines Activity \$000	Generation Activity \$000	Energy Retailing Activity \$000
Assets Employed				
Current Assets		1,471	723	1,828
Investments	5	11	11	11
Fixed Assets	6	30,754	54,273	68
Total Assets Employed		\$ 32,236	\$ 55,007	\$ 1,907
Funds Employed				
Current Liabilities	7	1,363	1,995	1,067
Long Term Debt	8	12,553	25,107	-
Total Liabilities		\$ 13,916	\$ 27,102	\$ 1,067
Shareholders' Equity	4 9	18,320	27,905	840
Total Funds Employed		\$ 32,236	\$ 55,007	\$ 1,907

The notes form an integral part of these financial statements.

On behalf of the Board

Neil Alexander Taylor
Deputy Chairman

Simon Shera
Director

18 August 1995

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995

1. STATEMENT OF ACCOUNTING POLICIES

A. GENERAL ACCOUNTING POLICIES

These financial statements for Egmont Electricity Limited have been prepared for the purposes of the Electricity (Disclosure Requirements) Act 1994.

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

The measurement base adopted is that of historical cost except for the revaluation of certain assets. Accrual accounting is used to match expenses and revenue. The accounts have been prepared exclusive of Goods and Services Tax.

The methodology adopted for the allocation of costs, revenues, assets and liabilities has been in accordance with the Guidelines with the exception of line losses and marketing costs.

Line losses costs are allocated to the line business on the basis that the losses occur through the transportation of electricity over the line operator's network. The line business compensates the energy business with the value of those losses which are costed at the wholesale price of electricity. The line operator recovers the cost of line losses through the customer network charge.

Marketing costs are shared between the line business and the energy business. For this financial year 28% of marketing costs were allocated to the line business. The remaining 72% of marketing costs were charged to the energy business. The allocation is made on the basis of benefits derived from expenditure on marketing related activities.

B. PARTICULAR ACCOUNTING POLICIES

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

(i) RECOGNITION OF REVENUE

Electricity sales represent customer usage during the financial period. An allowance has been included in the sales figure for unread meters as at 31 March 1995.

(ii) DEPRECIATION

Depreciation rates for major assets are as follows:-

	<u>Rate</u>	<u>Basis</u>
Buildings	1 to 2.5%	Straight Line

Plant and Equipment	10% to 50%	Diminishing Value/ Straight Line
Dams and Headworks	1%	Straight Line
Office Furniture & EDP Equipment	4% to 40%	Diminishing Value/ Straight Line
Motor Vehicles	13.5% to 25%	Diminishing Value/ Straight Line
Globo Distribution System	4%	Straight Line
Distribution System Assets	5 to 10%	Diminishing Value/ Straight Line
110kV Transmission Line	4%	Straight Line

(iii) ACCOUNTS RECEIVABLE

Accounts Receivable are stated at estimated realisable value after providing against debts where collection is doubtful. All known bad debts have been written off during the year.

(iv) INVENTORIES

Inventories are valued at weighted average cost price as landed in the store. Obsolete items of inventory have been written off.

(v) INVESTMENTS

The investments are recorded at cost, except for the investment in Equiticorp Holdings Ltd debentures which was written down to 35 cents in the dollar in accordance with the Statutory Manager's assessment of net realisable value.

(vi) VALUATION OF FIXED ASSETS

Land is valued at the most recent Government Valuation, or at cost, whichever is the greater. Buildings have been revalued to market value as at 1 April 1992. The building valuations were determined by the registered valuers, Larmers of New Plymouth.

The distribution system has been revalued to its Optimised Deprival Value (ODV) as at 30 September 1993 by Catherall Taylor Associates and this value is not in excess of the recoverable value.

The Patea dam and generation assets were revalued as at 31 March 1995 up to a value determined by the Southpac Corporation Limited of Wellington, using the net current value method.

All other Fixed Assets are shown at cost less accumulated depreciation calculated as stated in Policy B(ii).

(vii) INCOME TAX

The provision for income tax is calculated using the liability method prepared on a comprehensive basis. A debit balance in the deferred tax account arising from timing differences or income tax benefits arising from income tax losses is only recognised if there is virtual certainty of realisation.

(viii) FINANCIAL INSTRUMENTS

Egmont Electricity Limited is party to financial instrument arrangements as part of its everyday operations, including both instruments which have been recognised in these financial statements and those which are off-balance sheet.

The financial instruments which have been recognised in the financial statements include bank balances, short term deposits, receivables, payables and term loans. Revenues and expenses in relation to these are recognised in the Statement of Financial Performance. The financial instruments themselves are recognised in the Statement of Financial Position.

The financial instruments which are off-balance sheet comprise interest rate swaps. These are employed for the primary purpose of reducing exposure to fluctuations in interest rates. While these financial instruments are subject to risk that market rates may change subject to acquisition, such changes would generally be offset by opposite effects on the items being hedged. For interest rate swap agreements, the differential to be paid or received is accrued as interest rates change and is recognised as a component of interest expense over the life of the agreement.

C. CHANGES IN ACCOUNTING POLICIES

As this is the first period of reporting, there have been no changes in accounting policies during the year under review.

2. SURPLUS BEFORE TAXATION AND ABNORMAL ITEMS

The Surplus Before Taxation is stated:

	<u>Twelve Months to 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
After Charging:			
Audit Fees	36	2	6
Board Members fees and expenses	46	31	14
Depreciation	1,378	1,235	10
Interest	1,201	2,438	0
After Crediting:			
Investment Income	25	1	31

3. PROVISION FOR TAXATIONTwelve Months to 31/3/95

	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Accounting Profit/(Loss) Before Taxation	1,309	1,619	790
Plus/(Less) Effect of Permanent Differences:			
Financial Depreciation	1,378	1,235	10
Depreciation at Tax Rates	(1,487)	(568)	(4)
Provision for Remedial Work on Patea Dam	<u>0</u>	<u>1,500</u>	<u>0</u>
Tax Profit/(Loss)	1,200	3,786	796

In the current twelve months, the Company has achieved a tax profit of \$5,782,000 after taking into account permanent and timing differences. Cumulative tax losses amount to \$7,217,137. Under prevailing income tax legislation these losses are available for carry forward and offset against future assessable income. This represents a future tax benefit of \$2,381,655 (based on a tax rate of 33 cents in the dollar).

4. CAPITAL RESERVESAs at 31/3/95

	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Share Premium:			
Opening Balance	1,488	2,855	1
Movements: 1 April 1994	<u>0</u>	<u>0</u>	<u>0</u>
	1,488	2,855	1
Asset Revaluation Reserve:			
Opening Balance	0	0	0
Movements:	<u>0</u>	<u>3,288</u>	<u>0</u>
	<u>0</u>	<u>3,288</u>	<u>0</u>
TOTAL CAPITAL RESERVES	<u>1,488</u>	<u>6,143</u>	<u>1</u>

5. INVESTMENTS

	<u>As at 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Term Deposits	0	0	0
Investment in Equiticorp	0	0	0
PowerBuy Group Limited	5	5	5
Staff Housing Loans	<u>6</u>	<u>6</u>	<u>6</u>
TOTAL INVESTMENTS	<u>11</u>	<u>11</u>	<u>11</u>

6. FIXED ASSETS

<u>Lines</u>	<u>As at 31/3/95</u>		
	<u>Cost or Accumulated</u>	<u>Book Val.</u>	
	<u>Val.</u>	<u>Depreciation</u>	<u> </u>
	\$000	\$000	\$000
Land	240	0	240
Buildings	806	82	724
Vehicles and Boats	1,150	631	519
Plant, Furniture and Equipment	5,194	2,840	2,354
Reticulation System	28,064	1,147	26,917
Generation Stations and Dams	<u>0</u>	<u>0</u>	<u>0</u>
	<u>35,454</u>	<u>4,700</u>	<u>30,754</u>
<u>Generation</u>			
Land	595	0	595
Buildings	0	0	0
Vehicles and Boats	12	10	2
Plant, Furniture and Equipment	109	66	43
Reticulation System	0	0	0
Generation Stations and Dams	<u>53,689</u>	<u>56</u>	<u>53,633</u>
	<u>54,405</u>	<u>132</u>	<u>54,273</u>
<u>Energy Trading</u>			
Land	0	0	0
Buildings	0	0	0
Vehicles and Boats	136	111	25
Plant, Furniture and Equipment	109	66	43
Reticulation System	0	0	0
Generation Stations and Dams	<u>0</u>	<u>0</u>	<u>0</u>
	<u>245</u>	<u>177</u>	<u>68</u>

7. ACCOUNTS PAYABLE AND ACCRUALS

Included in Accounts Payable and Accruals are the following:-

	<u>As at 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Accounts Payable	904	45	983
Accrual for Remedial Work at Patea Dam	0	1,500	0
Accrued Interest	218	435	0
Short Term Loans	7	1	7
Provision for Holiday Pay	194	12	34
Other	<u>40</u>	<u>2</u>	<u>43</u>
	<u>1,363</u>	<u>1,995</u>	<u>1,067</u>

8. TERM LIABILITIES

The Term Liabilities mature as follows:-

	<u>As at 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Repayable within 12 months	5,685	11,370	0
Two to Three Years	4,565	9,131	0
Three to Five Years	1,302	2,605	0
Beyond Five Years	<u>1,001</u>	<u>2,001</u>	<u>0</u>
	<u>12,553</u>	<u>25,107</u>	<u>0</u>

Interest rates payable on the above Term Liabilities are:-

	<u>As at to 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Floating Rates	3,620	7,240	0
Fixed Rates 5.35% - 18.25%	<u>8,933</u>	<u>17,867</u>	<u>0</u>
	12,553	25,107	0

A small portion of the Term Liabilities is secured by a Special Rating Security which allows a special rate to be assessed to the rate payers by the South Taranaki District Council, should the Company default on any of the loans.

9. SHARE CAPITAL

	<u>As at 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
<u>Authorised Capital</u>			
35,000,000 ordinary shares of \$1 each	<u>15,279</u>	<u>19,715</u>	<u>6</u>
<u>Issued and Paid Up Capital</u>			
<u>Ordinary Shares of \$1 Each</u>			
35,000,000 issued shares	<u>15,279</u>	<u>19,715</u>	<u>6</u>
Total paid up Ordinary Capital	<u>\$15,279</u>	<u>\$19,715</u>	<u>\$6</u>

10. CONTINGENCY LIABILITY

A claim for compensation relating to the construction of the Patea Hydro Station was lodged with the Company in the mid 1980's. The claim is for a significant amount but at the time of completion of these accounts has not been accepted and will be the subject of negotiation and possible litigation.

No provision has been made for this contingent liability in the accounts for the twelve months ended 31 March 1995.

11. CAPITAL COMMITMENTS

At 31 March 1995 there was no capital expenditure contracted for which had not been provided for in the accounts for the twelve months ended 31 March 1995.

12. FINANCIAL INSTRUMENTS

Credit Risk

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

The Company performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk as at balance date are:

	<u>As at 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Bank Balances	(155)	429	(163)
Short Term Deposits	0	265	0
Receivables	1,235	61	1,343

Concentrations of Credit Risk

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

Credit Facilities

The Company has total term liabilities of \$37,660,100 at 31 March 1995 as detailed in Note 8.

Fair Values

The estimated fair values of the financial instruments are as follows:

	<u>As at 31/3/95</u>		
	<u>Lines</u>	<u>Generation</u>	<u>Energy Trading</u>
	\$000	\$000	\$000
Bank Balances:			
Carrying Amount	(155)	429	(163)
Fair Value	(155)	429	(163)
Short Term Deposits:			
Carrying Amount	0	265	0
Fair Value	0	265	0
Receivables:			
Carrying Amount	1,235	61	1,343
Fair Value	1,235	61	1,343
Payables:			
Carrying Amount	1,281	1,988	1,157
Fair Value	1,281	1,988	1,157
Term Loans:			
Carrying Amount	12,553	25,107	0
Fair Value	12,553	25,107	0
Interest Rate Swap:			
Carrying Amount	0	0	0
Fair Value	445	889	0

The methods and assumptions used is that the carrying amount in the financial statements reflects the estimated fair value of the financial instruments including receivables, bank and short term deposits, payables and term loans. The fair value of interest rate swaps is estimated based on the quoted market prices of these instruments.

13. RELATED PARTIES

In accordance with Section 44(5)(f)(i) of the Energy Companies Act 1992, we disclose details of all transactions entered into between Egmont Electricity Limited and its local authority Shareholder, the South Taranaki District Council.

Electricity Sales and Line Supply Sales, attributable to Energy Trading and the Lines Business, made to the South Taranaki District Council for the twelve months ended 31 March 1995:

\$35,793

Value of work done on behalf of Generation on the Patea Dam Reserve for the South Taranaki District Council for the twelve months ended 31 March 1995:

\$11,052

Rates and other costs paid to the South Taranaki District Council for the twelve months ended 31 March 1995:

Generation	<u>\$166,517</u>
------------	------------------

Lines	<u>\$29,566</u>
-------	-----------------

Intercompany Balances

	<u>As at</u> <u>31/3/95</u> \$000
Owing by South Taranaki District Council	21
Owing to South Taranaki District Council	<u>13</u>
	<u>\$ 8</u>

Disclosure of Financial Performance Measures and Efficiency Performance Measures Pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994

1. Financial Performance Measures

- (a) Accounting return on total assets, being earnings before interest and tax, divided by average total funds employed:

9.5%

- (b) Accounting return on equity, being net profit after tax, divided by average total shareholders' funds:

10.1%

- (c) Accounting rate of profit, which is calculated in accordance with the following formula:

$$\frac{a - b - c + d}{e}$$

where -

- a is earnings before interest and tax; and
 b is cash tax; and
 c is interest tax shield; and
 d is revaluations; and
 e is average total funds employed, minus half the amount of revaluations.

8.1%

2. Efficiency Performance Measures

- (a) Direct line costs per kilometre, which are calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is direct expenditure (in dollars); and
 b is system length (in kilometres);

\$2,910

- (b) Indirect line costs per electricity customer, which are calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is indirect expenditure (in dollars); and
b is total customers.

\$142

Disclosure of Reliability Performance Measures Pursuant to Regulation 16 Electricity (Information Disclosure) Regulations 1994

1. Total number of interruptions, together with a breakdown of that total according to interruption class.

Classes A, D-G	0
Class B	260
Class C	459
TOTAL	719

2. The total number of faults per 100 circuit kilometres of prescribed voltage electric line.

50.64

3. The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.

33kV	0
11kV	6.93
Overall	4.69

4. The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.

33kV	3.36
11kV	59.40
Overall	51.44

5. The SAIDI for the total of interruptions, is calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the interruption duration factors for all interruptions; and
- b is the total customers.

250.91

6. The SAIDI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the interruption duration factors for all interruptions within the particular interruption class; and
- b is the total customers.

Classes A, D-G	0
Class B	115.78
Class C	135.13

7. The SAIFI for the total number of interruptions, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the number of electricity customers affected by each of those interruptions; and
- b is the total customers.

5.79

8. The SAIFI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the number of electricity customers affected by each of those interruptions within that interruption class; and
- b is the total customers.

Classes A, D-G	0
Class B	1.18
Class C	4.61

9. The CAIDI for the total of all interruptions, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the interruption duration factors for all interruptions; and
 b is the sum obtained by adding together the number of electricity customers affected by each of those interruptions.

12

10. The CAIDI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where -

- a is the sum obtained by adding together the interruption duration factors for all interruptions within the particular interruption class; and
 b is the sum obtained by adding together the number of electricity customers affected by each of those interruptions.

Classes A, D-G	0
Class B	9
Class C	2

Disclosure of Energy Delivery Efficiency Performance Measures and Statistics Pursuant to Regulation 15 of the Electricity (Information Disclosure) Regulations 1994

1. Energy delivery efficiency performance measures:

- (a) Load factor, which is calculated in accordance with the following formula:

$$\frac{a}{b \times c} \times \frac{100}{1}$$

where -

- a is the amount of electricity (in kilowatt hours) entering the system during the financial year; and
 b is the maximum demand; and
 c is the total number of hours in the financial year:

58.8%

- (b) Loss ratio, which is calculated in accordance with the following formula

$$\frac{a}{b} \times \frac{100}{1}$$

where -

- a is losses of electricity (expressed in kilowatt hours); and
 b is the amount of electricity (in kilowatt hours) entering the system during the financial year:

4.9%

- (c) Capacity utilisation, which is calculated in accordance with the following formula:

$$\frac{a}{b} \times \frac{100}{1}$$

where -

- a is maximum demand; and
 b is transformer capacity (in kilowatt amperes).

41.8%

2. Statistics:

- (a) System length, together with a breakdown of that length according to different nominal line voltages:

110 kV	23
33kV	156
11kV	1,063
400V	<u>631</u>
	1,873

- (b) The total circuit length (in kilometres) of the overhead electric lines that form part of the system (which length is calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages:

110 kV	23
33 kV	149
11 kV	1,049
400 V	<u>601</u>
	1,822

- (c) The total circuit length (in kilometres) of the underground electric lines that form part of the system (which length shall be calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages:

33kV	7
11kV	14
400V	<u>30</u>
	51

- (d) Transformer capacity, in kilovolt amperes: **117,000**

- (e) Maximum demand, in kilowatts: **48,917**

- (f) Total electricity supplied from the system, in kilowatt hours:
239,431,088

- (g) The total amount of electricity (in kilowatt hours) conveyed through the system during the relevant financial year on behalf of other persons that are electricity generators or electricity retailers, or both, not being persons that are in a prescribed business relationship with the line owner:

262,760

- (h) Total customers: **12,494**

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES,
AND STATISTICS DISCLOSED BY EGMONT ELECTRICITY LIMITED**

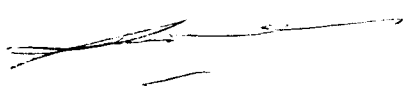
We, Neil Alexander Taylor and Simon Shera, directors of Egmont Electricity Limited, certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of Egmont 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 Egmont 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 30 September 1993.



NEIL ALEXANDER TAYLOR
18 August 1995



SIMON SHERA
18 August 1995



Audit New Zealand

Certification of Performance Measures by Auditors

Report of the Audit Office

We have examined the attached information, being-

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

and having been prepared by Egmont Electricity 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.

L H Desborough

Audit New Zealand

On behalf of the Controller and Auditor-General

23 August 1995

Palmerston North, New Zealand



Audit New Zealand

Certification by Auditor in Relation to ODV Valuation

Report of the Audit Office

We have examined the valuation report prepared by Catherall Taylor Associates and dated 30 September 1993, which report contains valuations as at 30 September 1993.

We hereby certify that, having made all reasonable enquiry, to the best of our 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 'L H Desborough'. The signature is fluid and cursive, with a large initial 'L' and 'D'.

L H Desborough
Audit New Zealand
On behalf of the Controller and Auditor-General
23 August 1995
Palmerston North, New Zealand



Audit New Zealand

Certification by Auditor in Relation to Financial Statements

Report of the Audit Office

We have examined the attached financial statements prepared by Egmont Electricity 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.

A handwritten signature in black ink, appearing to read 'L. H. Desborough', written in a cursive style.

L. H. Desborough
Audit New Zealand
On behalf of the Controller and Auditor-General
23 August 1995
Palmerston North, New Zealand

ENERGYDIRECT
CORPORATION LIMITED

ENERGYDIRECT ELECTRICITY BUSINESS**CONSOLIDATED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 1995**

	Notes	Consolidated Electricity \$000	Lines \$000	Energy \$000
SALES				
Electricity		108,790	50,011	58,779
Other		9,971	7	9,964
		118,761	50,018	68,743
NET PROFIT BEFORE TAXATION				
Taxation expense	2	11,339	10,212	1,127
	3	(3,860)	(3,476)	(384)
NET PROFIT AFTER TAXATION				
Share of associated company profit after tax	7	7,479	6,736	743
		132	-	132
NET PROFIT FOR THE YEAR				
Retained earnings at beginning of year	2	7,611	6,736	875
Internal Dividend to EnergyDirect Corporate		626	554	72
		(5,305)	(4,983)	(322)
RETAINED EARNINGS AT END OF YEAR				
		2,932	2,307	625

The accompanying notes form part of these financial statements.

*ENERGYDIRECT ELECTRICITY BUSINESS**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 1995*

	Notes	Consolidated Electricity \$000	Lines \$000	Energy
ENERGYDIRECT EQUITY	4	76,438	60,131	16,307
DEFERRED TAXATION	3	2,167	2,167	-
CURRENT LIABILITIES	5	13,272	5,707	7,565
		91,877	68,005	23,872
FIXED AND LONG TERM ASSETS	6	64,374	58,551	5,823
INVESTMENTS	7	447	4	443
CURRENT ASSETS	9	27,056	9,450	17,606
		91,877	68,005	23,872

The accompanying notes form part of these financial statements.

ENERGYDIRECT ELECTRICITY BUSINESS***NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE ENDED YEAR 31 MARCH 1995*****NOTE 1: STATEMENT OF ACCOUNTING POLICIES**

Reporting Entity

The financial statements have been extracted from the accounts of EnergyDirect Corporation Limited and its associate Pacific Energy Limited using the methodology required by the Electricity (Information Disclosure) Regulations 1994.

EnergyDirect Corporation is a public company registered under the Companies Act 1955.

Electricity (Information Disclosure) Regulations 1994

The methodology used to allocate costs, revenues, assets and liabilities has been publicly disclosed in accordance with section 19 of the Electricity (Information Disclosure) Regulations 1994.

Where practicable, all costs, revenues, assets and liabilities have been directly allocated to the appropriate Lines or Energy businesses. Other costs, revenues, assets and liabilities are allocated using the allocation bases as publicly disclosed.

All cash, land, investment balances, dividend provisions, tax prepayments and land and building assets, other than substation and generation land and buildings, are retained within the parent company and are not allocated to either electricity or gas businesses.

Both Lines and Energy business activities lease space from the parent company at commercial rents set by independent valuation, in accordance with the relative floor areas occupied by each business activity.

Property rates and other property outgoings are passed on by the parent company on a normal commercial basis.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed, with the exception that certain fixed assets have been re-valued. Accrual accounting is used to match revenues and expenses. Reliance is placed on the fact that the electricity business activities of EnergyDirect are a going concern.

Specific Accounting Policies

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

(a) Associate Company

This is a company in which EnergyDirect Corporation holds a substantial shareholding of 25 per cent and in whose commercial and financial policy decisions it participates.

The financial statements of the associate company have been reflected in the electricity business activities of the energy business on an equity accounting basis, which shows the Corporation's share of the associate company's profits/(losses) in its profit and loss statement and its share of post-acquisition increases or decreases in net assets in the balance sheet.

(b) Fixed Assets

The electricity business activities contain five classes of fixed assets:

- Electricity Distribution
- Electricity Generation
- Motor Vehicles
- Plant, Tools and Equipment
- Office Equipment (including computers)

The electricity business of EnergyDirect Corporation Limited expenses all replacement or refurbishment expenditure on the electricity network, with the exception of replacement or improvements to electricity zone substations, transformers and switchgear, which are capitalised. Extensions to the network system and the cost of converting overhead lines to underground cables are capitalised for financial reporting purposes.

All fixed assets are recorded at cost less accumulated depreciation.

Capital contributions from consumers towards the cost of reticulating new subdivisions and constructing lines are deducted from the cost of the asset to which they relate and the net amount is capitalised to electricity distribution.

During the year, distribution stocks of electricity meters, transformers and switchgear were reclassified to electricity distribution fixed assets from inventories to more appropriately reflect these items as network assets.

(c) Depreciation

Depreciation has been calculated to allocate the cost of assets over their estimated useful lives at the following rates:

Distribution	- 4% of cost price
Generation	- 4% of cost price
Plant, tools and equipment	- 20% diminishing value
Motor vehicles	- 20% diminishing value
Office equipment (including computers)	- 20% diminishing value

(d) Receivables

Receivables are stated at their estimated net realisable value, after making a general provision for doubtful debts.

Receivables include an assessment for unbilled sales of electricity at balance date.

(e) Hire Purchase Receivables

Hire purchase debtors include unearned interest. Total interest is included at the time the contract is made and is allocated over the term of the agreement using the "Rule of 78" method. An adjustment is made at balance date to separately disclose unearned income on hire purchase as a current liability.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Due allowance has been made for obsolete and damaged inventory. Cost has been determined as follows:

- Electricity Distribution Reticulation Inventory : *Weighted average cost*
- Electricity Appliance Inventory : *Specific identified cost*

(g) *Joint Venture*

EnergyDirect's proportionate interest in the assets, liabilities, revenues and expenses of its joint venture, Silverstream Landfill Gas, is included in the relevant components of the electricity energy business activities financial reports.

(h) *Income Taxation*

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

The comprehensive liability method of accounting for deferred taxation has been used. Future taxation benefits attributable to taxation losses or timing differences are only recognised when there is virtual certainty of realisation.

(i) *Goods and Services Tax (GST)*

The profit and loss statement has been prepared so that all components are stated exclusive of GST.

(j) *Development Expenditure*

Development expenditure has been recognised as a fixed asset to the extent that such expenditure is expected to have future benefits. Development assets will be amortised from the commencement of commercial production using relevant depreciation rates.

Changes in Accounting Policies

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

ENERGYDIRECT ELECTRICITY BUSINESS**NOTE 2: NET PROFIT BEFORE TAXATION**

	Year Ended 31 March 1995		
	Consolidated	Lines	Energy
	Electricity		
Notes	\$000	\$000	\$000
After Charging:			
Audit fees and expenses	100	48	52
Depreciation	4,692	4,042	650
Directors fees and expenses	139	93	46
Rental and operating lease costs	64	41	23
Merger and acquisition expenses	518	518	-
Restructuring costs	191	175	16
Rent	1,179	691	488
Property Outgoings	855	618	237
After Crediting:			
Interest from loans and advances	389	-	389
Recovery of debt previously written off as bad	364	307	57

ENERGYDIRECT ELECTRICITY BUSINESS**NOTE 3: TAXATION**

	Year Ended 31 March 1995		
	Consolidated Electricity \$000	Lines \$000	Energy \$000
(a) Current Period Taxation Charge			
Profit before Taxation (including subsidiary)	11,339	10,212	1,127
Prima facie taxation at 33%	3,742	3,370	372
Permanent differences and non-deductible expenditure	118	106	12
Adjustment due to under provision in earlier years	-	-	-
	3,860	3,476	384
The taxation charge is represented by:			
Current taxation	3,442	3,058	384
Deferred taxation	418	418	-
Taxation Expense	3,860	3,476	384
(b) Deferred Tax Reconciliation			
Opening Balance	(1,749)	(1,749)	-
Current period tax charge movement	(418)	(418)	-
Prior period adjustments	-	-	-
Closing Balance	(2,167)	(2,167)	-

(a) The current period taxation charge for the Consolidated Electricity business is derived from the current period taxation charge of EnergyDirect Corporation Limited by an allocation process based upon the relative profits before taxation of the electricity and gas businesses.

(b) Deferred taxation has been allocated between the electricity and gas business activities based upon the cost values of the electricity and gas networks.

ENERGYDIRECT ELECTRICITY BUSINESS**NOTE 4: SHARE CAPITAL AND ALLOCATED EQUITY**

	31 March 1995		
	\$000		
SHARE CAPITAL			
Authorised capital of EnergyDirect Corporation Limited: 150,000,000 ordinary shares of \$0.50 each			75,000
	<hr/>		
	As at 31 March 1995		
	Consolidated		
	Electricity	Lines	Energy
	\$000	\$000	\$000
	<hr/>		
EnergyDirect equity allocated to the EnergyDirect Electricity Business	(a)	76,438	60,131
			16,307
	<hr/>		

- (a) EnergyDirect equity interest in the electricity business of EnergyDirect is derived from the apportioned asset bases of the Lines and Energy businesses.

*ENERGYDIRECT ELECTRICITY BUSINESS***NOTE 5: CURRENT LIABILITIES**

As at 31 March 1995

	Consolidated Electricity \$000	Lines \$000	Energy \$000
TRADE CREDITORS			
Pacific Energy Limited	4,264	-	4,264
Trans Power New Zealand Limited	2,350	2,350	-
	6,614	2,350	4,264
OTHER LIABILITIES			
Sundry creditors and accruals	3,928	1,734	2,194
Unearned income - hire purchase	364	-	364
Provision for employee entitlements	2,366	1,623	743
Income Tax Payable	-	-	-
	6,658	3,357	3,301
	13,272	5,707	7,565

ENERGYDIRECT ELECTRICITY BUSINESS**NOTE 6: FIXED AND LONG TERM ASSETS**

	COST OR VALUATION			ACCUMULATED DEPRECIATION			NET BOOK VALUE		
	Consolidated			Consolidated			Consolidated		
	Electricity	Lines	Energy	Electricity	Lines	Energy	Electricity	Lines	Energy
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ELECTRICITY DISTRIBUTION	92,593	92,593	-	37,008	37,008	-	55,585	55,585	-
ELECTRICITY GENERATION (a)	2,919	-	2,919	53	-	53	2,866	-	2,866
Land and Buildings									
Freehold Land									
- at valuation	635	635	-	-	-	-	635	635	-
TOTAL LAND	635	635	-	-	-	-	635	635	-
Other Fixed Assets									
Motor Vehicles	4,570	3,169	1,401	2,534	1,787	747	2,036	1,382	654
Plant, Tools and Equipment	3,503	2,612	891	2,769	2,065	704	734	547	187
Office Equipment	5,786	924	4,862	3,268	522	2,746	2,518	402	2,116
TOTAL OTHER FIXED ASSETS	13,859	6,705	7,154	8,571	4,374	4,197	5,288	2,331	2,957
TOTAL FIXED ASSETS	110,006	99,933	10,073	45,632	41,382	4,250	64,374	58,551	5,823
<i>Comprises:</i>									
Fixed Assets									
- at cost	109,371	99,298	10,073	45,632	41,382	4,250	63,739	57,916	5,823
- at valuation	635	635	-	-	-	-	635	635	-
	<u>110,006</u>	<u>99,933</u>	<u>10,073</u>	<u>45,632</u>	<u>41,382</u>	<u>4,250</u>	<u>64,374</u>	<u>58,551</u>	<u>5,823</u>

Re-valued freehold land is stated at net current value (by the Corporation's Directors) as at 31 March 1993:

Re-valued substation land 31 March 1993	553,000
Substation land purchased subsequently at cost	<u>82,000</u>
	<u>635,000</u>

- (a) Electricity Generation assets comprise feasibility and development costs to date of \$190,000 for the proposed wind power project at Baring Head, and a 46.5% share in a landfill gas joint venture amounting to \$2,619,000 (see Note 8).

*ENERGYDIRECT ELECTRICITY BUSINESS***NOTE 7: INVESTMENTS**

	As at 31 March 1995		
	Consolidated Electricity \$000	Lines \$000	Energy \$000
Movement in investment in associates			
Opening balance	293	-	293
Additional post-incorporation loss of Pacific Energy	(25)	-	(25)
Further share capital invested in Pacific Energy Limited	18	-	18
Share of Pacific Energy Limited profit for the year	157	-	157
	<hr/>		
Closing balance	443	-	443
	<hr/>		
Net assets comprise:			
Gross assets	29,931	-	29,931
Gross liabilities	(28,158)	-	(28,158)
	<hr/>		
Net assets	1,773	-	1,773
	<hr/>		
The Corporation's 25% share	443	-	443
	<hr/>		

The amount of \$443,000 relates to EnergyDirect's investment in Pacific Energy Ltd, a joint venture company in which the Corporation has a 25% shareholding. The principal activities of this associate company are the purchasing of electricity on behalf of its customers at the wholesale level, providing value added services at the retail level and investigating potential generation opportunities. The investment is allocated to the Energy business activities of EnergyDirect Corporation.

ENERGYDIRECT ELECTRICITY BUSINESS**NOTE 8: INTEREST IN JOINT VENTURE**

1995
\$000

The Corporation has a 46.5 per cent participating interest in a landfill gas joint venture, whose principal activity is the generation of electricity from extraction of methane gases from the Silverstream tip at Upper Hutt. The joint venture was established on 23 March 1994. Generation of electricity commenced in October 1994. The generation plant has an output capacity of less than 10 Megawatts and in compliance with the Electricity (Information Disclosure) Regulations 1994 is included within the Energy business activities of EnergyDirect.

(a) Share of assets employed

The Corporation's interest in the joint venture is included in the consolidated accounts under the classifications shown below.

Fixed Assets

-	Electricity generation assets	(Note 6)	2,672
	Accumulated depreciation		(53)
			2,619
-	Office equipment		8
	Accumulated depreciation		(1)

Current Assets

	Cash and bank		1
	Prepayments		3
	Electricity distribution inventory		9

			13
	Current liabilities		17
	Retained earnings		24

			13
	Share of assets employed in joint venture		2,680

(b) Share of Net Expenses

	EnergyDirect Corporation Limited's share of the net expense incurred by the joint venture		91
--	---	--	----

(c) Share of Revenue

	The sale of its share of the output included in operating revenue was		101
--	---	--	-----

*ENERGYDIRECT ELECTRICITY BUSINESS***NOTE 9: CURRENT ASSETS**

	As at 31 March 1995		
	Consolidated Electricity \$000	Lines \$000	Energy \$000
RECEIVABLES AND PREPAYMENTS			
Electricity and Gas debtors	19,149	7,771	11,378
Hire Purchase debtors	3,837	-	3,837
Prepayments	201	151	50
Miscellaneous debtors	647	268	379
	23,834	8,190	15,644
Less: Provision for doubtful debts	(172)	(67)	(105)
Total receivables and prepayments	23,662	8,123	15,539
INVENTORIES			
Electricity			
Distribution inventory	1,648	1,327	321
Appliance inventory	1,672	-	1,672
Service inventory	74	-	74
Total inventory	3,394	1,327	2,067
TOTAL CURRENT ASSETS	27,056	9,450	17,606

ENERGYDIRECT ELECTRICITY BUSINESS**NOTE 10: FINANCIAL INSTRUMENTS**

Credit Risk

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

The Corporation performs credit evaluations on customers where possible and generally does not require deposits to be paid when customers demonstrate adequate credit history with previous electricity and gas suppliers.

Maximum exposures to credit risk for EnergyDirect's Electricity business as at balance date are:

	As at 31 March 1995		
	Consolidated	Lines	Energy
	Electricity \$000	\$000	\$000
Receivables and prepayments	23,662	8,123	15,539

The above maximum exposures are net of any recognised provision for losses on these financial instruments.

Concentrations of credit risk

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

Fair values

There were no differences between the fair value and carrying amounts of financial instruments at 31 March 1995.

NOTE 11: COMMITMENTS AND CONTINGENCIES

At balance date the estimated expenditure contracted for and approved by EnergyDirect Corporation and allocated to the Electricity business totalled \$325,550.

There are no contingent liabilities at 31 March 1995.

NOTE 12: RELATED PARTY TRANSACTIONS

The Corporation purchased the bulk of its electricity requirements from Pacific Energy Limited, an associate company. Total purchases during the year amounted to \$49,740,000. The remainder of \$218,000 was purchased from the landfill joint venture company from October 1994.

In addition, the Corporation paid a management fee of \$286,000 to Pacific Energy Limited.

The electricity purchase costs and management fee are allocated directly to the Energy business activities of EnergyDirect Corporation.

**Deloitte Touche
Tohmatsu**



CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

We have examined the attached financial statements prepared by EnergyDirect Corporation 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.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

30th August 1995.

ENERGYDIRECT ELECTRICITY BUSINESS**PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1995**

The following performance measures are disclosed in accordance with the Electricity (Information Disclosure) Regulations 1994)

FINANCIAL PERFORMANCE MEASURES

Accounting return on total assets (%)	5.39
Accounting return on equity (%)	3.47
Accounting rate of profit (%)	3.47

EFFICIENCY PERFORMANCE MEASURES

Direct line costs per kilometre (\$/km)	4,423.20
Indirect line costs per customer (\$/customer)	38.21

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

Load factor (%)	48.35
Loss ratio (%)	5.18
Capacity Utilisation (%)	44.10

RELIABILITY PERFORMANCE MEASURES

Interruptions by interruption class:

	<i>Class A</i>	<i>Class B</i>	<i>Class C</i>	<i>Class D</i>	<i>Class E</i>	<i>Class F</i>	<i>Class G</i>	<i>Total</i>
Number of interruptions	-	68	265	6	-	-	-	339.00
SAIDI (minutes)	-	28.39	46.55	2.51	-	-	-	77.45
SAIFI (interruptions)	-	0.20	0.66	0.79	-	-	-	1.65
CAIDI (minutes)	-	142.00	71.00	3.00	-	-	-	47.20

Faults per 100 circuit kilometres of prescribed voltage electric line

	<i>Number of faults per 100 circuit kilometres</i>		
	<i>11 kV</i>	<i>33 kV</i>	<i>Total</i>
Prescribed voltage overhead and underground electric lines			20.38
Prescribed voltage underground electric line	2.46	-	2.09
Prescribed voltage overhead electric line	38.03	3.03	34.85

STATISTICS

System length by nominal line voltage

	<i>Average length overhead electric line (km)</i>
33 kV Line Voltage	65
11 kV Line Voltage	664
400 V Line Voltage	649
Total	1378

Average length underground electric line (km)

33 kV Line Voltage	85
11 kV Line Voltage	494
400 V Line Voltage	670
Total	1249

Total Overhead and Underground Line 2627

Transformer capacity (kVA)	593,300
Maximum demand (kW)	261,640
Total electricity supplied from the system (kWh)	1,050,666,203
Total electricity conveyed through the system on behalf of other persons (kWh)	58,315,342
Average total customers	85,764

**Deloitte Touche
Tohmatsu**



CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

We have examined the attached information, being

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

and having been prepared by EnergyDirect Corporation 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.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

30th August 1995.

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

FORM 5

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

We, **RONALD HUGH ARBUCKLE** AND **DONALD WILLIAM HUSE** directors of EnergyDirect Corporation Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached audited financial statements of EnergyDirect Corporation 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 EnergyDirect Corporation 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.

.....
R. H. Arbuckle

Director 30. August 1995

Date

.....
D. W. Huse

Director

Date 30 August 1995.

HOROWHENUA ENERGY LIMITED

HOROWHENUA ENERGY LIMITED

- LINE BUSINESS -

Information for Disclosure

**Pursuant to the Electricity (Information Disclosure)
Regulations 1994**

ANNUAL REPORT

FOR THE YEAR ENDED

31 MARCH 1995

HOROWHENUA ENERGY LIMITED - LINE BUSINESS

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Audit New Zealand

Report of the Audit Office

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

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

A handwritten signature in black ink, consisting of several sharp, overlapping strokes that form a stylized, somewhat abstract shape, likely representing the initials 'V F'.

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

INTRODUCTION

The information disclosed in the 1995 Information Disclosure package issued by Horowhenua Energy 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.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 1995
--

	<i>Note</i>	1995 \$000	1994 \$000
SALES REVENUE		<u>16.427</u>	<u>15.970</u>
NET PROFIT BEFORE TAXATION		90	(358)
Reduction in value of Land		(166)	0
NET LOSS AFTER TAXATION AND REDUCTION IN VALUE OF LAND		(76)	0
Taxation expense		0	0
NET PROFIT AFTER TAXATION		(76)	0
Retained earnings at beginning of year		(445)	0
TOTAL AVAILABLE FOR APPROPRIATION		(521)	(358)
Provision for Dividend	2	30	87
RETAINED EARNINGS AT END OF YEAR		<u>(551)</u>	<u>(445)</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1995

	<i>Note</i>	1995	1994
		\$000	\$000
SHAREHOLDERS' FUNDS		27,130	26,717
CURRENT LIABILITIES			
Accounts payable and accruals	3	5,324	2,409
Other provisions		<u>39</u>	<u>0</u>
		5,363	2,409
		<u>32,493</u>	<u>29,126</u>
FIXED ASSETS	4	<u>30,646</u>	<u>27,123</u>
CURRENT ASSETS			
Cash		3	170
Receivable and Accruals	5	1,844	1,833
		<u>32,493</u>	<u>29,126</u>

For and on behalf of the Board

W R Thessman, Chairman

A T Colbert, Director

The accompanying notes form part of these financial statements.

<p style="text-align: center;">NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995</p>
--

1. Statement of Accounting Policies

ACCOUNTING ENTITY

The Financial Statements are those of the Line Business of Horowhenua Energy Limited. Information in respect of Linework Limited is included in the financial statements to the extent required by Regulation 6(5) of the Electricity (Information Disclosure) Regulations 1994. Horowhenua Energy Limited and Linework Limited are in a "Prescribed Business Relationship" as defined by Regulation 3(1)(a)(iii) of the Electricity (Information Disclosure) Regulations 1994.

The period reported is 1 April 1995 to 31 March 1995.

These Financial Statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1995. The Financial Statements have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

PRINCIPAL ACTIVITIES

The Line Business operates a line business activity, as defined by the regulation 2 of the Electricity (Information Disclosure) Regulations 1994, in and around the Horowhenua and Kapiti Coast area.

ACCOUNTING CONVENTION

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

METHODOLOGY OF SEPARATION OF BUSINESS

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

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

Exceptions to the guidelines are noted in the Allocation Methodologies Disclosure which will be publicly disclosed.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the company.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995 (continued)**

SPECIFIC ACCOUNTING POLICIES

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

a) **Fixed assets**

The company has six classes of fixed assets:

Land and buildings for sale
Freehold land and buildings
Network assets
Capital work in progress
Plant and equipment
Vehicles

Freehold land was re-valued on 1 September 1993 by an independent valuer, and will be updated on a three yearly cyclical basis.

All fixed assets are recorded at cost.

(b) **Depreciation**

Depreciation is provided on a diminishing value (DV) basis on all tangible fixed assets at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Depreciation rates are:

Network assets	4% straight line
Freehold buildings	1% - 2.5% straight line
Plant and equipment	10% - 25% diminishing value
Computer equipment	20% straight line
Vehicles	20% - 25% diminishing value

(c) **Receivables**

Receivables are stated at their estimated realisable value.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995 (continued)**

(d) Leases

The Company leases certain land and buildings.

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) Financial Instruments

The company has no financial instruments with off balance sheet risk.

(f) Comparative Figures

The comparative figures cover trading of Horowhenua Electric Power Board for the month of April 1993, and, following the transfer of its assets and liabilities under the Energy Companies Act 1992 (Horowhenua Energy Limited) Vesting Order 1993, dated 30 April 1993, for the eleven months trading as Horowhenua Energy Limited to 31 March 1994.

2. Dividends

	Group & Parent	
	1995	1994
	\$000	\$000
Proposed dividends	30	87

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995 (continued)**

3. <u>Accounts Payable and Accruals</u>	1995	1994
	\$000	\$000
TransPower	687	651
Other trade creditors	2,527	697
Inter-Company payables	255	-
Accruals and provisions	1,658	852
Electricity deposits	<u>197</u>	<u>209</u>
	<u>5,324</u>	<u>2,409</u>
4. <u>Fixed Assets</u>	1995	1994
	\$000	\$000
Freehold land (at valuation)	336	478
Freehold buildings (at cost)	701	478
Accumulated depreciation	<u>71</u>	<u>46</u>
	<u>630</u>	<u>482</u>
Network assets	41,332	39,675
Accumulated depreciation	<u>16,430</u>	<u>15,156</u>
	24,902	24,519
Plant and equipment (at cost)	3,374	2,636
Accumulated depreciation	<u>1,302</u>	<u>1,340</u>
	<u>2,072</u>	<u>1,296</u>
Vehicles (at cost)	400	566
Accumulated depreciation	<u>160</u>	<u>236</u>
	<u>653</u>	<u>330</u>
Capital assets in progress	<u>2,466</u>	<u>19</u>
Total Fixed Assets	<u>30,646</u>	<u>27,124</u>

Freehold land is stated at latest Government Valuation dated 30 September 1993.

The Optimised Deprival Value (ODV) of the network was assessed by KPMG Peat Marwick as at 31 March 1995. Their report places an ODV on network assets of \$50.05 million.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995 (continued)**

5. Receivables and Repayments	1995 \$000	1994 \$000
Trade debtors	1,919	1,933
Inter-Company receivables	15	-
Repayments	<u>10</u>	<u>-</u>
	1,944	1,933
Less provision for bad debt	<u>100</u>	<u>100</u>
	<u>1,844</u>	<u>1,833</u>

6. Financial Instruments
Credit Risk

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

The company performs credit evaluations on all customers requiring credit. Where a satisfactory credit reference is obtained the Company generally does not require collateral.

Maximum exposures to credit risk as at balance date are:

	1995 \$000
Bank balances	3
Receivables	1,819

The above maximum exposures are net of any recognised provision for losses on these financial instruments.

Investments in short term deposits are made with registered banks with satisfactory credit ratings.

Credit Facilities

The company has a total banking facilities of \$3,200,000 (1994: \$3,200,000).

Fair Values

There were no differences between the fair value and carrying amounts of financial instruments as at 31 March 1995.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995 (continued)**
7. Contingent Liabilities

At any point in time the Company will be investigating complaints or queries about various aspects of the service it provides to customers. In a number of these action may be taken against the Company. At 31 March 1995 there was legal action taken against the former Horowhenua Electric Power Board and was unresolved. The Directors have been advised that the Company has good defence against any action that may be taken against it and that no provision for loss is required in the financial statements.

The damages claimed amounted to:	1995	1994
	\$000	\$000
	1,000	1,000

8. Commitments
Capital commitments

At balance date, estimated expenditure contracted for and approved by the Group totalled \$3.442 million (1994: Nil).

9. Transactions with Related Parties

During the year Horowhenua Energy Limited purchased construction and maintenance services from a subsidiary, Linework Limited to an amount of 8.6% (1994: 0%).

In addition the Company purchased hire purchase agreements amounting to \$1.12 million from an associate company, Bristol Enterprises Limited. The amount outstanding at year end was \$255,265 (1994: \$0).

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

<p style="text-align: center;">FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES FOR THE YEAR ENDED 31 MARCH 1995</p>
--

Introduction

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

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

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

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

FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES FOR THE YEAR ENDED 31 MARCH 1995 (continued)

Financial Measures

	<i>Before Discount</i>	<i>After Discount</i>
Accounting return on total assets (ODV value)	3.80%	.18%
Accounting return on equity	6.98%	.33%
Account rate of profit (on ODV valuation)	3.80%	.18%

Efficiency Performance Measures

	1995
Direct line costs per kilometre	\$1,189
In-direct line costs per electricity customer	\$121

Energy Delivery Performance Measures

Load factor	52.25%
Loss ratio	7.57%
Capacity utilisation	28.49%

Statistics

System Length	<u>Overhead</u>	<u>Underground</u>	<u>Total</u>
33kV	156	1	157
11kV	801	140	941
400V	<u>503</u>	<u>292</u>	<u>795</u>
Total	1,460	433	1,893

Transformer capacity kVA	261,183
Maximum demand KW	74,420
Total electricity supplied from system KWH	308,786,996
Electricity on behalf of other entities	0
Total Customers	34265

CLASS	A	B	C	D	E	F	G	Total
Interruptions	0	129	167	3	0	0	0	299
SAIDI	0.0	38.0	132.8	33.5	0.0	0.0	0.0	204.3
SAFI	0.0	0.3	3.0	0.6	0.0	0.0	0.0	3.9
CAIDI	0.0	121.1	43.8	55.8	0.0	0.0	0.0	220.7

Number of Faults per Circuit Kilometre	Overhead	Underground	Total
33kV	8.3	0	8.3
11kV	<u>18.2</u>	<u>5.7</u>	<u>23.9</u>
Total	26.5	5.7	32.2



Audit New Zealand

Report of the Audit Office

We have examined the attached information on page 12-13.

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

and having been prepared by Horowhenua 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.

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

ODV VALUATION

The Optimised Deprival Value (ODV) of the network was assessed by KPMG Peat Marwick as at 31 March 1995. This report placed an ODV on network assets of \$50.05 million.

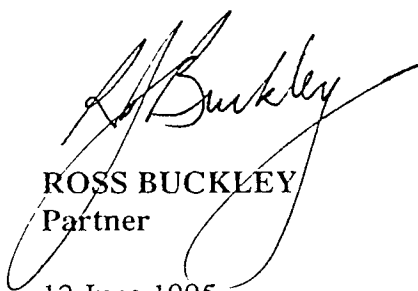
 **Peat Marwick**

Chartered Accountants

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION**HOROWHENUA ENERGY LIMITED
TRADING AS ELECTRA**

I have examined the valuation report prepared by KPMG Peat Marwick and dated 1 May 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 ODV valuations contained in the report have been made in accordance with the ODV Handbook.



ROSS BUCKLEY
Partner

12 June 1995

DIRECTORS' CERTIFICATE

Certification of Financial Statements, Performance Measures, and Statistics by Directors of Horowhenua Energy Limited

We, Warren Thessman, Chairman, and Alan Colbert, Director, of Horowhenua Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- a. The attached audited financial statements of Horowhenua 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 Horowhenua Energy Limited, and having been prepared for the purposes of regulations 13, 14, 15 and 165 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

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



Warren Thessman
Chairman



Alan Colbert
Director

Date: 18th Aug 1995

DIRECTORY

Directors

W R Thessman (Chairman)
A T Colbert
P A T Hamid
P F McKelvey
A S Paterson
P R Stannard

Management

J D Donovan (Chief Executive)
R E English
J E Fallen
R N Leggett
R A Steele
C A Wahrlich
J L Yeoman
T L Young

Registered Office

Horowhenua Energy Limited
Cnr Durham & Salisbury Streets
LEVIN

Postal Address

P O Box 244
LEVIN

Telephone (06) 368 6119
(04) 298 6059
Fax (06) 368 8472

Auditor

Audit New Zealand

Bankers

Bank of New Zealand

Solicitors

Bell Gully Buddle Weir, Wellington
Todd Whitehouse, Levin

HOROWHENUA ENERGY LIMITED

- ELECTRICITY RETAIL BUSINESS -

Information for Disclosure

Pursuant to the Electricity (Information Disclosure) Regulations 1994

ANNUAL REPORT

FOR THE YEAR ENDED

31 MARCH 1995

HOROWHENUA ENERGY LIMITED - ELECTRICITY RETAIL BUSINESS**TABLE OF CONTENTS FOR THE ANNUAL REPORT****CONTENTS**

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Audit New Zealand

Report of the Audit Office

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

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

A handwritten signature in black ink, consisting of several overlapping, sweeping strokes that form a cursive 'V' and 'S'.

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

INTRODUCTION

The information disclosed in the 1995 Information Disclosure package issued by Horowhenua Energy 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.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 1995
--

	<i>Note</i>	1995 \$000	1994 \$000
SALES REVENUE		<u>16,316</u>	<u>16,413</u>
NET PROFIT BEFORE TAXATION		(316)	426
Taxation expense		0	0
NET PROFIT AFTER TAXATION		(316)	426
Retained earnings at beginning of year		426	0
TOTAL AVAILABLE FOR APPROPRIATION		110	426
Dividends		0	0
RETAINED EARNINGS AT END OF YEAR		<u>110</u>	<u>426</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1995

	<i>Note</i>	1995	1994
		\$000	\$000
SHAREHOLDERS' FUNDS		27,130	26,717
CURRENT LIABILITIES			
Accounts payable and accruals	3	5,324	2,409
Other provisions		<u>39</u>	<u>0</u>
		5,363	2,409
		<u>32,493</u>	<u>29,126</u>
FIXED ASSETS	4	<u>30,646</u>	<u>27,123</u>
CURRENT ASSETS			
Cash		3	170
Receivable and Accruals	5	1,844	1,833
		<u>32,493</u>	<u>29,126</u>

For and on behalf of the Board


W R Thessman, Chairman


A T Colbert, Director

The accompanying notes form part of these financial statements.

<p style="text-align: center;">NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995</p>
--

1. Statement of Accounting Policies

ACCOUNTING ENTITY

The Financial Statements are those of the Retail Business of Horowhenua Energy Limited.

The period reported is 1 April 1995 to 31 March 1995.

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

PRINCIPAL ACTIVITIES

The Retail Business operates a retail business activity, as defined by the regulation 2 of the Electricity (Information Disclosure) Regulations 1994, in and around the Horowhenua and Kapiti Coast area.

ACCOUNTING CONVENTION

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

METHODOLOGY OF SEPARATION OF BUSINESS

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

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

Exceptions to the guidelines are noted in the Allocation Methodologies Disclosure which will be publicly disclosed.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (continued)

SPECIFIC ACCOUNTING POLICIES

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

(a) Fixed assets

The company has two classes of fixed assets:

Plant and equipment
Vehicles

All fixed assets are recorded at cost.

(b) Depreciation

Depreciation is provided on a diminishing value (DV) basis on all tangible fixed assets at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Depreciation rates are:

Plant and equipment	10 to 20%
Vehicles	25%

(c) Receivables

Receivables are stated at their estimated realisable value.

(d) Financial Instruments

The company has no financial instruments with off balance sheet risk.

(e) Comparative Figures

The comparative figures cover trading of Horowhenua Electric Power Board for the month of April 1993, and, following the transfer of its assets and liabilities under the Energy Companies Act 1922 (Horowhenua Energy Limited) Vesting Order 1993, dated 30 April 1993, for the eleven months trading as Horowhenua Energy Limited to 31 March 1994.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995 (continued)**

2. <u>Accounts Payable</u>	1995 \$000	1994 \$000
ECNZ	1,284	1,301
Other Trade Creditors	<u>35</u>	<u>-</u>
	<u>1,319</u>	<u>1,301</u>
3. <u>Fixed Assets</u>	1995 \$000	1994 \$000
Plant and equipment	111	75
Accumulated depreciation	<u>10</u>	<u>46</u>
	101	29
Vehicles	25	25
Accumulated depreciation	<u>11</u>	<u>6</u>
	14	19
Total Fixed Assets	<u>115</u>	<u>48</u>
4. <u>Receivables</u>	1995 \$000	1994 \$000
Trade Debtors	1,845	2,014
Less Provision for Bad Debts	<u>100</u>	<u>100</u>
	<u>1,745</u>	<u>1,914</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1995 (continued)**
5. Financial Instruments
Credit Risk

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

The company performs credit evaluations on all customers requiring credit. Where a satisfactory credit reference is obtained the Company generally does not require collateral.

Maximum exposures to credit risk as at balance date are:

	1995 \$000
Receivables	1,103

The above maximum exposures are net of any recognised provision for losses on these financial instruments.

Fair Values

There were no differences between the fair value and carrying amounts of financial instruments as at 31 March 1995.

6. Contingent Liabilities

There are no material contingent liabilities at year end.

7. Commitments
Capital Commitments

At balance date, there was no capital commitments.

8. Transactions with Related Parties

During the year the Company purchased all its electricity requirements through PowerBuy Limited, an associate company. Total purchases for the year amounted to \$16.1 million. In addition a management fee of \$58,000 was paid to PowerBuy.

DIRECTORY

Directors

W R Thessman (Chairman)
A T Colbert
P A T Hamid
P F McKelvey
A S Paterson
P R Stannard

Management

J D Donovan (Chief Executive)
T L Young

Registered Office

Horowhenua Energy Limited
Cnr Salisbury & Durham Streets
LEVIN

Postal Address

P O Box 244
LEVIN

Telephone (06) 368 6119
(04) 298 6059
Fax (06) 368 8472

Auditor

Audit New Zealand

Bankers

Bank of New Zealand

Solicitors

Bell Gully Buddle Weir, Wellington
Todd Whitehouse, Levin

TASMAN ENERGY LIMITED

TASMAN ENERGY LIMITED
281 Queen Street
PO Box 3005
Richmond 7031
New Zealand
Telephone 64-3-544 8099
Fax 64-3-544 6066



**IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994**

Reg. 26 (2)

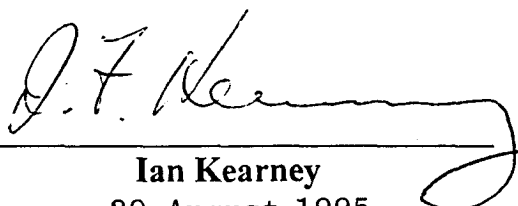
CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER.

We, Ian Kearney and Vincent Chew, directors of Tasman Energy Limited certify that, having made a reasonable enquiry, to the best of our knowledge, -

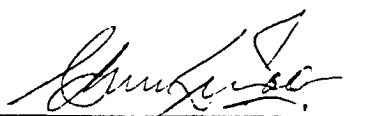
- (a) The attached audited financial statements of Tasman Energy Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
-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

SIGNATURES OF DIRECTORS:



Ian Kearney
29 August 1995



Vincent Chew
29 August 1995



Audit New Zealand

Audit New Zealand
Te Tari Aratake o te Motu

Christchurch Regional Office
Level 1
Crystal Plaza
Cathedral Square
Private Box 2
Christchurch
New Zealand
Telephone +64-5 379 8774
Facsimile +64-5 377 0167

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Tasman Energy Limited and dated 29 August 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.

K J Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General
7 September 1995



Audit New Zealand

Audit New Zealand
Te Tari Arotake o te Motu
Christchurch Regional Office
Level 1
Crystal Plaza
Cathedral Square
Private Box 2
Christchurch
New Zealand
Telephone +64-3 579 8774
Facsimile +64-3 577 0167

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

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 Tasman Energy Limited and dated 29 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 J Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General
7 September 1995

**Audit New Zealand**Audit New Zealand
*Te Tari Arotake o te Motu*Christchurch Regional Office
Level 1
Crystal Plaza
Cathedral Square
Private Box 2
Christchurch
New Zealand
Telephone +64-5 579 8774
Facsimile +64-5 577 0167**CERTIFICATE BY AUDITOR IN RELATION TO ODV VALUATION**

I have examined the valuation report prepared by I V MacLennan and M J Hendrickson, dated 18 August 1995, which 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.

K J Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General

7 September 1995

INFORMATION DISCLOSURE DISCLAIMER

These financial statements have been prepared in accordance with and for the specific use intended in the Electricity Act and information disclosure regulations. No responsibility will be accepted for any third party who may use or rely on this report or any part thereof without the express written permission of Tasman Energy Limited.

Except as allowed for by the Electricity Act 1992 and information disclosure regulations promulgated by the Act, neither the whole or any part of these financial statements or any reference thereto may be included in any published document, circular or statement or published in any way without Tasman Energy's written approval of the form and context in which it may appear.

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1995**

	Note	1995	1995
	4	Line Business	Other Business
		\$000	\$000
REVENUE			
Sales & Other Income		21,241	36,708
Interest received		598	0
		<u>21,839</u>	<u>36,708</u>
OPERATING PROFIT			
After charging:			
Depreciation on fixed assets		1,435	94
Audit fees		31	4
Directors fees		44	76
Tasman Electric Power Trust expense reimbursement		15	27
Loan interest		320	0
Lease of buildings		(136)	501
NET PROFIT BEFORE TAXATION		2,556	86
Provision for taxation	5	636	42
NET PROFIT AFTER TAXATION		<u>1,920</u>	<u>44</u>
Retained earnings at beginning of year		1,650	186
Total available for appropriation		<u>3,570</u>	<u>230</u>
Dividends paid	6	100	0
Retained Earnings at End of Year		<u>3,470</u>	<u>230</u>

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1995**

	Note	1995 Line Business	1995 Other Business
		\$000	\$000
SHAREHOLDERS' FUNDS			
Share capital		28,340	1,160
Reserves	7	1,938	0
Retained earnings		3,470	230
TOTAL SHAREHOLDERS' FUNDS		<u>33,748</u>	<u>1,390</u>
CURRENT ASSETS			
Bank and cash		59	0
Investments		7,011	0
Accounts receivable	8	3,038	5,984
Inventories		445	2,614
		<u>10,553</u>	<u>8,598</u>
INTERCOMPANY CURRENT ACCOUNTS		3,301	(3,301)
CURRENT LIABILITIES			
Creditors and accruals	9	5,876	4,437
Term loans - current portion	11	0	0
		<u>5,876</u>	<u>4,437</u>
WORKING CAPITAL		7,978	860
NON-CURRENT ASSETS			
Fixed assets	10	30,455	553
Assets under construction		419	0
Investments		0	8
Deferred tax		1,335	51
		<u>32,209</u>	<u>612</u>
NON-CURRENT LIABILITIES			
Term liabilities	11	2,114	0
Deferred income		4,324	83
		<u>6,438</u>	<u>83</u>
NET ASSETS		<u>33,748</u>	<u>1,390</u>

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 1995**

	Note	1995	1995
	4	Line Business	Other Business
		\$000	\$000
EQUITY AT BEGINNING OF YEAR		31,928	1,346
Surplus and Revaluations			
Net surplus for period		1,920	44
		<u>33,848</u>	<u>1,390</u>
Other Movements			
Issue of share capital			
Creation of share premium reserve			
Distributions to owners		(100)	
		<u>(100)</u>	<u>0</u>
EQUITY AT END OF YEAR		<u>33,748</u>	<u>1,390</u>

TASMAN ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994.

MEASUREMENT BASE

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are disclosed.

The assets and liabilities of Tasman Energy Limited were vested from the Tasman Electric Power Board on 1 May 1993 in accordance with the Establishment Plan approved by the Governor General by Order of Council on 26 April 1993.

SPECIFIC ACCOUNTING POLICIES - Both Line and Other Businesses

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

(a) Basis of Consolidation

The consolidated financial statements including those of the parent company and its subsidiaries are accounted for using the purchase method. All significant intercompany balances and profits and losses on transactions between group companies have been eliminated.

(b) Recognition of Revenue

Electricity meters are read on the basis of constant cycles each year. Sales of electricity include an estimated amount for accrued sales from meters unread as at 31 March 1995.

(c) Goods and Services Tax (GST)

The statement of financial performance has been prepared so that all components are stated exclusive of GST.

(d) Fixed Assets

All fixed assets are initially recorded at cost.

Freehold land and buildings were subsequently revalued on 1 April 1991 to government valuation dated October 1990.

Distribution system assets have been valued in the accounts to reflect the present market value independently established by Landcorp Property Limited, registered valuers, using discounted cash flow techniques. The valuation report is dated 31 March 1993. All subsequent additions are at cost less depreciation.

Motor vehicles are valued at book values established in April 1987, plus additions at cost less depreciation.

Plant and equipment and computer equipment are valued at cost less depreciation.

No allowance for depreciation has been made on the cost of assets prior to 1 April 1976, the commencement of 1977 Accounting Regulations.

(e) Taxation

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.

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.

(f) Receivables

Receivables are stated at their estimated 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.

(g) Inventories

Inventory has been stated at the lower of cost or net realisable value. Inventory has been valued on the basis of average cost during the year.

(h) Financial Instruments

Pursuant to FRS 31 the company estimates that in respect of the reported Financial Instruments, being cash, short term investments and debtors, fair value is equivalent to the carrying amount as stated in the statement of financial position.

The company holds cash in minimal quantities and places short term investments with only registered banks and limits the amount of credit exposure to any one registered bank. Concentrations of credit risk with respect to debtors are limited due to the large number of customers included in the company's customer base.

(i) Changes In Accounting Policies

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

SPECIFIC ACCOUNTING POLICIES - Line Business**(a) Depreciation**

Fixed assets have been depreciated in order to write off cost less estimated residual value over their estimated useful life on the following basis:

Distribution System	4%	SL
Buildings (revalued)	2%	SL
Plant and Equipment	20%	DV
Motor Vehicles	20%	DV
Computer Equipment	25%	DV

Distribution system fixed assets have been depreciated for accounting purposes from the date on which they were commissioned by Tasman Energy.

(b) Capital Contributions from Customers

Capital contributions from customers are credited to deferred income and amortised over the economic life of the asset constructed.

(c) Inventories

The reticulation stock held for the purpose of supporting the existing distribution network is accounted for as a fixed asset.

(d) Term Liabilities

The term liabilities were valued in the accounts so as to present a market value as at 31 March 1993. The purpose of the valuation was to reflect the difference between the future contracted expense and a then current market interest rate of 8%. The valuation was independently established by Landcorp property limited, registered valuers, in their report dated 31 March 1993.

SPECIFIC ACCOUNTING POLICIES - Other Business**(a) Depreciation**

Fixed assets have been depreciated in order to write off cost less estimated residual value over their estimated useful life on the following basis:

Buildings (revalued)	2%	SL
Plant and Equipment	20%	DV
Motor Vehicles	20%	DV
Computer Equipment	25%	DV

(b) Receivables

Hire purchase debtors exclude unearned interest. Total interest has been included at the time the contract was made and has been allocated over the term of the agreement using the rule of 78 method.

2. COMPARATIVE FIGURES

As this is the first year the regulations have been in affect comparative information has not been published.

3. METHODOLOGY FOR ALLOCATION OF COSTS, REVENUES, ASSETS AND LIABILITIES

The methodology that Tasman Energy Limited has used for the allocation of costs, revenues, assets and liabilities between its line and other businesses differs in some respects from the methodology described in the Electricity Disclosure Guidelines. These differences are described in the following paragraphs.

Costs, revenue, assets and liabilities which could not be directly allocated have been allocated on the following bases:

Base	Items allocated on this basis
Revenue	<ul style="list-style-type: none"> Contracting division overhead costs (including advertising and promotions, building and land occupation costs, general office expenses, professional fees, repairs and maintenance) Contracting division inventory
Purchase plus overheads excluding depreciation	<ul style="list-style-type: none"> Accounts payable
Indirect employment costs	<ul style="list-style-type: none"> Contracting division employee leave provisions Restructuring provisions
Depreciation expense	<ul style="list-style-type: none"> Contracting division fixed assets
Staff numbers in each business	<ul style="list-style-type: none"> Head office overheads (including property, information systems, group management, accounting and administration)
1995/96 budgeted revenue	<ul style="list-style-type: none"> Electricity sales

In determining how the following costs, and assets are to be allocated, Tasman Energy has used the avoided cost principle:

- contracting division depreciation and indirect employment costs
- electricity sales overheads (including advertising, depreciation, employment costs, office expenses, repairs and maintenance)
- marketing overheads
- fixed assets

An assessment was made of the costs that would be avoided by Tasman Energy should the company cease to carry on all activities other than the line business. These

costs were allocated to the other business. All costs that would be incurred if Tasman Energy was a distribution business only have been allocated to the line business.

Contracting division external sales and cost of sales have been allocated 100% to the other business.

The following costs, revenues, assets and liabilities have been allocated 100% to the line business:

- customer services division costs (including the cost of meter reading, bill preparation and answering customer queries)
- interest income
- creditor for contracting business assets
- sales discount expense
- sales discount voucher provision
- bank and cash and investments

The capital of Tasman Energy parent has been allocated to the line business with the exception of a notional equity figure which has been allocated to the energy trading activity included in other.

For the period 1 April 1994 to 31 March 1995 dissection of revenue between energy and national transmission has been calculated to reflect the actual purchase split established by the state owned monopolies who made a major structural change to their previously announced revenue split. Tasman Energy had already announced its twelve month forward tariffs based on the previously announced split and as there was still doubt about the state owned monopolies revenue split, decided not to amend its invoiced tariffs until the April 1995 changes when assurances were to hand from ECNZ and Trans Power that their respective revenue shares were resolved. In order to match purchases to sales to obtain meaningful disclosure the above adjustment was made, totalling a \$1.504 million shift of revenue from line to other business.

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

	1995 Line Business \$000	1995 Other Business \$000
4. BUSINESS SEPARATION		
These accounts have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994. Line Business and Other Business separation are as per regulation 6 of these regulations.		
5. TAXATION		
Profit before taxation	2,556	86
Taxation at 33%	844	28
(Over) under provision from prior years	(12)	14
Plus (less) taxation effect of permanent differences		
Amortisation of deferred income	(52)	
Depreciation	(68)	
Other permanent differences	(76)	
Taxation Expense (Benefit)	<u>636</u>	<u>42</u>
The taxation charge is represented by:		
Current taxation	921	42
Deferred taxation	(285)	
	<u>636</u>	<u>42</u>
6. DIVIDENDS		
Interim distributions		
Dividend paid on ordinary shares	100	
	<u>100</u>	<u>0</u>
7. RESERVES		

The share premium reserve was created on 1/5/93, recognising the difference between the share capital issued and the closing value of corporate ownership of the Tasman Electric Power Board at 30/4/93. There has been no movement in reserves in the current financial year.

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

	1995 Line \$000	1995 Other \$000
8. ACCOUNTS RECEIVABLE		
Trade debtors	2,357	4,335
Other	681	1,649
	<u>3,038</u>	<u>5,984</u>
9. CREDITORS AND ACCRUALS		
Trade creditors	2,512	4,128
Other	3,364	309
	<u>5,876</u>	<u>4,437</u>
10. FIXED ASSETS		
Land (at valuation)	<u>1,750</u>	<u>0</u>
Buildings (at valuation)	5,810	62
Accumulated depreciation	459	4
	<u>5,351</u>	<u>58</u>
Distribution system (at valuation)	23,507	0
Accumulated depreciation	1,756	0
	<u>21,751</u>	<u>0</u>
Plant and equipment	1,970	334
Accumulated depreciation	1,221	85
	<u>749</u>	<u>249</u>
Computer equipment (at cost)	950	132
Accumulated depreciation	548	60
	<u>402</u>	<u>72</u>
Motor vehicles (at cost)	1,867	242
Accumulated depreciation	1,414	68
	<u>453</u>	<u>174</u>
Total Fixed Assets	<u>30,455</u>	<u>553</u>

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

	1995	1995
	Line	Other
	\$000	\$000
11. TERM LIABILITIES		
Reserve Bank loans (interest rates 9.5% to 16.75%)	2,114	
Less current portion	0	0
	<u>2,114</u>	<u>0</u>
Repayable as follows :		
1 to 2 years	38	
2 to 3 years	2,024	
3 to 4 years	52	
4 to 5 years		
	<u>2,114</u>	<u>0</u>

A provision to reflect the difference between the actual and current market interest rates is included in the creditors and accruals and is being reversed as loans mature, as set out below. Directors believe the treatment is appropriate given the statutory obligation to "value" the undertaking to ensure that the book value of assets and liabilities used for statutory vesting from Tasman Electric Power Board were realistic using current commercial acquisition practice.

12. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 1995 the group had no material commitments or contingent liabilities that are not included in these financial statements.

TASMAN ENERGY
STATEMENT OF PERFORMANCE MEASURES
THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994
FOR THE YEAR ENDING 31 MARCH 1995

1. FINANCIAL PERFORMANCE MEASURES

Accounting Return on Total Assets	3.91%
Accounting Return on Equity	3.03%
Accounting Rate of Profit	2.64%

2. EFFICIENCY PERFORMANCE MEASURES

Direct Line Costs per Kilometre	\$2,613
Indirect Line Costs per Electricity Customer	\$130

3. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

Load Factor	62.38%
Loss Ratio	6.34%
Capacity Utilisation	25.80%

4. STATISTICS : (km)

System Length

Circuit Kilometres >11kV O/H	112
Circuit Kilometres >11kV U/G	3
TOTAL	115
Circuit Kilometres 11kV O/H	1849.20
Circuit Kilometres 11kV U/G	99.23
TOTAL	1948.43
Circuit Kilometres <11kV O/H	656.75
Circuit Kilometres <11kV U/G	281.16
TOTAL	937.90
Transformer Capacity (kVA)	236185
Maximum Demand (kW)	79,004

Total Electricity Supplied (kWh)	402,691,642
Electricity Conveyed for Others (kWh)	135,441,303
Total Customers	27,960

5. RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS

Total Interruptions per Class

Planned Shutdowns	49
Unplanned Cuts	88
TOTAL	137

Number of Faults

Within Overhead Electric Lines

>11kV	0
11kV	84
<11kV	0
TOTAL	84

Within Underground Electric Lines

>11kV	0
11kV	4
<11kV	0
TOTAL	4

Faults / 100km Prescribed Voltage Electric Line

System Length (km)

Circuit Kilometres >11kV O/H	0.00
Circuit Kilometres >11kV U/G	0.00
TOTAL	0.00

Circuit Kilometres 11kV O/H	4.54
Circuit Kilometres 11kV U/G	4.03
TOTAL	4.52

CLASSIFICATION OF INTERRUPTIONS

	SAIDI Min/Con-Cust	SAIFI Int/Con-Cust	CAIDI Min/Cust-Int
Planned Shutdowns	23.93	0.14	174.29
Unplanned Cuts	123.29	1.30	95.18
TOTAL	145.80	1.42	102.76



