

New Zealand Gazette

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POWER COMPANIES

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

INDEX

	Page
Buller Electricity Limited.....	3411
Eastland Energy Limited.....	3425
Wairarapa Electricity Limited.....	3443

**BULLER ELECTRICITY
LIMITED**

This publication sets out the information required to be publicly disclosed by Buller Electricity Limited as a "Line Owner" pursuant to Regulation 6, 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

The information herein describes the line owners:

- (a) 1994\1995 Financial Statements;
- (b) 1994\1995 Performance Measures;

The information in this publication is actual and was prepared by Buller Electricity Limited after making all reasonable enquiry and to the best of the knowledge of the company complies with the above sections of the Electricity (Information Disclosure) Regulations 1994.



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Buller Electricity Limited and dated 25 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.

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

J L Palmer
Audit New Zealand
On behalf of the Controller and Auditor-General
28 August 1995

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

WE, William James Borlase, John William Duncan, Harley Trevor McNabb, Kenneth Munro, Peter Roselli, directors of Buller Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of Buller 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 Buller Electricity Limited and having been prepared for the purposes of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

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

W J BORLASE



J W DUNCAN



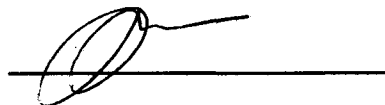
H T MCNABB



K MUNRO



P ROSELLI



26 JULY 1995

BULLER ELECTRICITY LIMITED

STATEMENT OF ACCOUNTING POLICIES

1. 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 with the exception that certain Land and Buildings have been revalued.

The financial statements of Buller Electricity Limited have been prepared in accordance with the Electricity Information Disclosure Regulations 1994.

2. METHODOLOGY

The methodology used to determine line function services at March 31 1995 have been based on Electricity Disclosure Guidelines on business procedures issued by the Energy Policy Group Ministry of Commerce Wellington dated June 23 1994.

3. FIXED ASSETS

The Group has four classes of fixed assets:

Land and Buildings
Distribution System
Plant Motor Vehicles, Tools and Equipment
Office Furniture and Equipment (including Computers)

All fixed assets excluding Land and Buildings are shown at historical cost less accumulated depreciation.

Freehold land and buildings are revalued on a cyclical basis with no individual fixed asset being included at a valuation undertaken more than three years previously. Valuations are at net current value as determined by an independent valuer.

4. DEPRECIATION

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

Major depreciation periods are:

Distribution Equipment	■	25-40 years (DV & SL)
Freehold Buildings	■	50 years (SL)
Motor Vehicles	■	5 years (DV)
Plant and Equipment	■	10 to 20 years (DV)
Office Furniture and Equipment	■	5 to 10 years (DV)

Capital contributions towards the cost of reticulating new subdivisions and line extensions are recognised as revenue in the year received.

5. INCOME TAX

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting has been applied on a comprehensive basis to all timing differences. The debit balance in the deferred tax account, arising from timing differences are only recognised if there is virtual certainty of realisation.


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

	Line Operator 1995 \$	Note	Energy Trading 1995 \$
Operating Revenues			
Sales of Electricity	2,652,897		4,061,885
Other Income	159,239		1,448,214
	2,812,136		5,510,099
Operating Expenses			
Cost of Electricity	714,646		3,687,122
Depreciation	369,661		31,369
Other Expenses	1,360,384		1,959,270
	2,444,691		5,677,761
Profit (Loss) Before Taxation	367,445		(167,662)
Tax Expense (Benefit)	129,501	(5)	(18,079)
	237,944		(149,583)
Profit (Loss) After Taxation			
Deduct			
Share of Retained Losses of Associates	-		1,541
Interim Dividend	18,375		3,500
	219,569		(154,624)
Profit (Loss) Transferred to Retained Earnings			
Retained Earnings Opening Balance	94,639		105,705
	314,208		(48,919)
Retained Earnings at March 31			

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

	Line Operator 1995 \$	Note	Energy Trading 1995 \$
Shareholders Equity			
Share Capital	5,067,798		1,182,202
Reserves	221,846		89,407
Retained Earnings	314,208		(48,919)
	<u>5,603,852</u>		<u>1,222,690</u>
Assets			
Current Assets			
Cash	27,786		35,039
Accounts Receivable	248,427	(1)	856,049
Inventories	414,970		316,061
Short Term Deposits	337,253		100,000
	<u>1,028,436</u>		<u>1,307,149</u>
Non Current Assets			
Fixed Assets	5,038,409	(4)	534,539
Advance to Associate Companies	-		5,000
Investments in Associate Companies	-		(1,491)
Long Term Investments	10,000		-
Deferred Taxation	(20,328)	(3)	34,693
	<u>5,028,081</u>		<u>572,741</u>
Total Assets	<u>6,056,517</u>		<u>1,879,890</u>
Liabilities			
Current Liabilities			
Accounts Payable	442,665	(2)	657,200
Term Liabilities			
Loan Finance	10,000		-
Total Liabilities	<u>452,665</u>		<u>657,200</u>
Net Assets	<u>5,603,852</u>		<u>1,222,690</u>

For and on behalf of the Board



25/8/95

Director

BULLER ELECTRICITY LIMITED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Line Operator 1995 \$	Note	Energy Trading 1995 \$
1. Accounts Receivable			
Electricity	218,131		339,079
Provision for Doubtful Debts	(15,537)		(37,345)
Taxation Refund Due	23,697		23,697
Work in Progress	-		19,408
Other	3,434		1,343
Sundry Debtors	6,880		509,867
Long Term Debtors	11,822		-
	<u>248,427</u>		<u>856,049</u>
2. Accounts Payable			
Trade Creditors	227,611		415,918
Accrued Leave Liability	37,563		39,715
Other Accruals	148,129		156,124
Current Portion - Term Liabilities	11,173		-
Consumer Deposits	15,051		27,952
Other	3,138		17,491
	<u>442,665</u>		<u>657,200</u>
3. Deferred Taxation			
Deferred Tax April 1	13,562		20,344
Less\Plus Deferred Tax	(33,890)		14,349
	<u>(20,328)</u>		<u>34,693</u>

BULLER ELECTRICITY LIMITED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

4. Fixed Assets	■ Energy Trading			
	Total	Lands	Buildings	Other
Opening Balance	726,718	84,299	305,600	336,819
Accum Depreciation	(235,420)	-	(9,168)	(226,252)
As at April 01 1994	491,298	84,299	296,432	110,567
Additions	59,429	-	-	59,429
Revaluations	40,805	10,501	30,304	-
Disposals	(25,624)	(16,900)	-	(8,724)
	565,908	77,900	326,736	161,272
Current Depreciation	(31,369)	-	(2,242)	(29,127)
As at March 31 1995	534,539	77,900	324,494	132,145

Fixed Assets	■ Line Operator				
	Total	Distribution System	Lands	Buildings	Other
Opening Balance	7,597,476	6,536,092	40,182	347,594	673,608
Accum Depreciation	(2,854,757)	(2,434,798)	-	(10,868)	(409,091)
As at April 01 1994	4,742,719	4,101,294	40,182	336,726	264,517
Additions	675,388	527,450	-	-	147,938
Revaluations	14,652	-	15,340	(688)	-
Disposals	(24,689)	(5,893)	-	(9,625)	(9,171)
	5,408,070	4,622,851	55,522	326,413	403,284
Current Depreciation	(369,661)	(300,032)	-	(1,725)	(67,904)
As at March 31 1995	5,038,409	4,322,819	55,522	324,688	335,380

Included in the distribution is capital work in progress of \$6,371 as at March 31 1995.

BULLER ELECTRICITY LIMITED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Line Operator 1995 \$	Energy Trading 1995 \$
5. Taxation		
Profit (Loss) Before Taxation	361,445	(167,662)
Income Tax at 33¢	121,257	(55,328)
Plus Permanent Differences Tax Effect	8,244	37,249
Prior Period Adjustments	-	-
Tax Expense (Benefit) as per Profit and Loss Account	129,501	(18,079)
Comprising		
Current Tax	95,611	3,730
Deferred Tax	33,890	14,349
	129,501	18,079



Audit New Zealand

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 Buller Electricity Limited and dated 25 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.

J L Palmer
Audit New Zealand
On behalf of the Controller and Auditor-General
28 August 1995

BULLER ELECTRICITY LIMITED**PERFORMANCE MEASURES****YEAR ENDED MARCH 31 1995**

1.	FINANCIAL MEASURES		
(a)	Accounting Return on Total Assets (pre-tax) (%)		2.54%
(b)	Accounting Return on Equity (post-tax) (%)		1.58%
(c)	Accounting Rate of Profit (post-tax) (%)		1.66%
2.	EFFICIENCY MEASURES		
(a)	Direct Line Costs per Kilometre (\$/km)		\$1,852.97/km
(b)	Indirect Line Costs per Electricity Customer (\$/Electricity Customer)		\$335.76/ Customer
3.	ENERGY DELIVERY PERFORMANCE MEASURES		
(a)	Load Factor		66.9%
(b)	Loss Ratio		4.1%
(c)	Capacity Utilisation		63.3%
4.	STATISTICS		
(a)	Total System Length		
(i)	Total Length		523.4 KM
	33KV	111.3	
	11KV	330.0	
	230/400V	82.1	
(ii)	Total Overhead Circuit Length		511.47 KM
	33KV	111.30	
	11KV	328.41	
	230/400V	71.76	
(iii)	Total Underground Circuit Length		11.93 KM
	11KV	1.59	
	230/400V	10.34	
(b)	Transformer Capacity		24,343 KVA
(c)	Maximum Demand		15,400 KW
(d)	Total Electricity Supplied		86,529,531 KWH
(e)	Total Amount of Electricity Conveyed		0 KWH
(f)	Total Customers		4,238

BULLER ELECTRICITY LIMITED**PERFORMANCE MEASURES****YEAR ENDED MARCH 31 1995****5. RELIABILITY PERFORMANCE MEASURES**

1.	Total Number of Interruptions			
	Class A	0		166
	Class B	33		
	Class C	131		
	Class D	2		
	Class E	0		
	Class F	0		
	Class G	0		
2.	Total Number of Faults per 100 circuit KM of Electric Line			31.50
3.	Total Number of Faults per 100 circuit KM of Underground Line			16.81
	11KV	2		
	230\400V	0		
4.	Total Number of Faults per 100 circuit KM of Overhead Line			31.16
	33KV	2		
	11KV	158		
	230\400V	6		
5.	The SAIDI for the total of Interruptions			575.8
6.	The SAIDI for the total number of Interruptions within each Interruption Class			
	Class A			0
	Class B			224.74
	Class C			331.94
	Class D			19.12
	Class E			0
	Class F			0
	Class G			0
7.	The SAIFI for the total number of Interruptions			4.74
8.	The SAIFI for the total number of Interruptions within each Interruption Class			
	Class A			0
	Class B			0.69
	Class C			3.04
	Class D			1.00
	Class E			0
	Class F			0
	Class G			0
9.	The CAIDI for the total of all Interruptions			148.88
10.	The CAIDI for the total number of Interruptions within each Interruption Class			
	Class A			0
	Class B			323.42
	Class C			109.04
	Class D			19.12
	Class E			0
	Class F			0
	Class G			0

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The Directors
Buller Electricity Limited
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WESTPORT 7615

**CERTIFICATION BY AUDITOR IN RELATION TO
ODV VALUATION OF BULLER ELECTRICITY'S DISTRIBUTION SYSTEM**

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

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


.....
WILLIAM MURRAY COOK
2 AUGUST 1995

**EASTLAND ENERGY
LIMITED**

We, Robert S Briant and David J McLean, directors of Eastland Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

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

31 August 1995

R S Briant

D J McLean

REPORT OF THE AUDIT OFFICE

We have examined the attached financial statements prepared by Eastland Energy Ltd 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.

C R Dixon
Audit New Zealand
On behalf of the Controller and Auditor-General
4 September 1995
Auckland, New Zealand

EASTLAND ENERGY LTD

FINANCIAL STATEMENTS for the separated Line and Energy Businesses

For the Year Ended 31 March 1995
Prepared for the purposes of the Electricity
(Information Disclosure) Regulations 1994.

IMPORTANT NOTE

The information disclosed in this 1995 Information Disclosure package issued by Eastland 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 purposes than that intended under the regulations.

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

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 1995

NOTE

		<u>TOTAL</u> \$000	<u>LINE</u> \$000	<u>ENERGY</u> \$000
Revenue	2	29,198	14,580	14,618
Less : Expenses	3	<u>26,850</u>	<u>12,471</u>	<u>14,379</u>
Net Surplus before Taxation	3	2,348	2,109	239
Less : Taxation Expense	4	<u>751</u>	<u>672</u>	<u>79</u>
NET Surplus for the year		<u>1,597</u>	<u>1,437</u>	<u>160</u>

STATEMENTS OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 1995

		<u>TOTAL</u> \$000	<u>LINE</u> \$000	<u>ENERGY</u> \$000
Equity at beginning of year		12,714	10,985	1,729
Add :				
Net Surplus for the year		1,597	1,437	160
Increase in Revaluation Reserves		1,499	1,144	355
Less :				
Distribution to Shareholders		<u>(250)</u>	<u>(215)</u>	<u>(35)</u>
Equity at end of year		<u>15,560</u>	<u>13,351</u>	<u>2,209</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1995

	NOTE	<u>TOTAL</u> \$000	<u>LINE</u> \$000	<u>ENERGY</u> \$000
CURRENT ASSETS				
Cash		3,740	3,433	307
Receivables		4,032	2,013	2,019
Inventories	5	<u>1,338</u>	<u>758</u>	<u>580</u>
TOTAL CURRENT ASSETS		<u>9,110</u>	<u>6,204</u>	<u>2,906</u>
NON-CURRENT ASSETS				
Future Tax Benefit	4	259	259	0
Investments	6	1,360	1,307	53
Fixed Assets	7	19,851	19,131	720
Other		<u>460</u>	<u>460</u>	<u>0</u>
TOTAL NON-CURRENT ASSETS		<u>21,930</u>	<u>21,157</u>	<u>773</u>
TOTAL ASSETS		<u>31,040</u>	<u>27,361</u>	<u>3,679</u>
CURRENT LIABILITIES				
Accounts Payable	8	2,636	1,326	1,310
Provisions	9	<u>827</u>	<u>667</u>	<u>160</u>
TOTAL CURRENT LIABILITIES		<u>3,463</u>	<u>1,993</u>	<u>1,470</u>
NON-CURRENT LIABILITIES				
Borrowings		2,017	2,017	0
Term Liabilities - Subordinated Debt		<u>10,000</u>	<u>10,000</u>	<u>0</u>
TOTAL NON-CURRENT LIABILITIES		<u>12,017</u>	<u>12,017</u>	<u>0</u>
TOTAL LIABILITIES		<u>15,480</u>	<u>14,010</u>	<u>1,470</u>
NET ASSETS		<u>15,560</u>	<u>13,351</u>	<u>2,209</u>
SHAREHOLDER'S EQUITY				
Share Capital		10,000	8,503	1,497
Reserves	10	3,003	2,619	384
Retained Earnings	11	<u>2,557</u>	<u>2,230</u>	<u>327</u>
TOTAL SHAREHOLDER'S EQUITY		<u>15,560</u>	<u>13,351</u>	<u>2,209</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Accounting Entity

The Financial Statements are those of the Line Business and Energy Business of Eastland Energy Limited. The Retail and Contracting business is included in Energy Business as require by Regulation 6(5) of the Electricity (Information Disclosure) Regulations 1994.

The period reported is 1 April 1994 to 31 March 1995.

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

1.2 Principal Activities

The Line Business operates a line business activity, as defined by regulation 2 of the Electricity (Information Disclosure) Regulations 1994, in the Gisborne district.

Included in Energy Business are all the other electricity activities (including the electricity trading and consultancy activities) of Eastland Energy Limited.

1.3 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.

1.4 Methodology of Separation of Businesses

Eastland 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 :

	<u>Description</u>	<u>Allocator</u>
Income :		
	Disconnection Fees	Electricity Revenue
	Meter Check Readings	Electricity Revenue
Expenses :		
	Meter Reading	Shared Equally
	Admin Salaries	Staff Numbers (F.T.E)
	Advertising (Tariffs)	Shared Equally
	Audit Costs	Staff Numbers (F.T.E)
	Bank Fees	Electricity Revenue
	Directors' Fees	Staff Numbers (F.T.E)
	Insurances (General)	Staff Numbers (F.T.E)
	Marketing Research	Electricity Revenue
	Postages	Equal Shares
	Printing and Stationery	Electricity Revenue

NOTES TO THE FINANCIAL STATEMENTS

	Subscriptions	Staff Numbers (F.T.E)
	Telecommunications	Staff Numbers (F.T.E)
	Depreciation	Staff Numbers (F.T.E)
Assets :		
	Cash	Gross Margin
	Inventory	Work Type/Direct Costs
	Customer Deposits	Electricity Revenue

1.5 Specific Accounting Policies

The following particular accounting policies which materially affect the measurement of profit and financial position are consistently applied:-

(a) Unlisted Companies

Eastland Energy Limited wholly owns the following companies ; Eastland Network Limited, Remote Metering Limited, Eastland Power Limited. As these companies had not traded at 31 March 1995, there has been no consolidation.

(b) Revenue Recognition

Revenues for all services are recognised when earned. Billings for services are made on a monthly, bi-monthly or quarterly basis. Unbilled revenue from the billing cycle date to the end of the financial reporting period is recognised as revenue during the period in which the service is provided. Profit and interest on hire purchase sales are recognised in full at the time of sale.

(c) Fixed Assets

Fixed assets are valued at cost or valuation less accumulated depreciation.

The cost of fixed assets created or enhanced (self-constructed assets) is calculated as total direct costs incurred plus an appropriate proportion of indirect expenses. Freehold land and buildings are subsequently revalued on a cyclical basis with no individual fixed asset being included at a valuation undertaken more than three years previously. Valuations are at net current value as determined by an independent valuer.

(d) Distinction between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure on the creation of a new asset and any expenditure which results in a significant improvement of the original function of a total asset. Revenue expenditure is defined as expenditure which restores an asset to its original condition, or renews distribution network lines without increasing capacity, and all expenditure incurred in maintaining and operating the assets.

NOTES TO THE FINANCIAL STATEMENTS

(e) Depreciation

Depreciation of tangible assets is provided on a straight line basis so as to allocate the cost or valuation of the fixed assets over their estimated economic lives after due allowance has been made for their expected residual value. Additions are depreciated from the date of acquisition or commencement of use.

Estimated economic lives of assets are as follows:-

Buildings	:	40 - 100 years
Distribution System	:	10 - 50 years
Distribution Assets (pre 1987)	:	20 - 30 years
Furniture and Equipment	:	5 - 10 years
Motor Vehicles	:	5 years
Plant and Equipment	:	5 - 10 years

(f) Investments

Investments are valued at cost. Where investments are revalued, the change in value is included in the profit statement. Investments in subsidiaries are valued at cost.

(g) Current Assets

Accounts Receivable are valued at expected net realisable value. Inventory is valued at the lower of cost, determined on a weighted average basis, or net realisable value.

(h) Taxation

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

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

(i) Leases

The Company leases certain plant and equipment and land and buildings. Expenses relating to operating leases are charged against earnings as incurred. The lease liabilities are disclosed.

The company had no finance leases during the period of the report.

(j) Research and Development Costs

Research and development costs are expensed in the period incurred. Development costs are deferred where future benefits are expected to exceed those costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

NOTES TO THE FINANCIAL STATEMENTS

(k) Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction.

At balance date foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are included in the Statement of Financial Performance.

(l) Statement of Movements in Equity

The company has elected to apply the provisions of FRS-2 in this reporting period which is prior to the specified application date of the standard.

(m) Cash

Cash includes cash on hand, net cash at bank, call deposits and securities which may be converted to cash at the company's option within no more than two working days.

(n) Changes in Accounting Policies

There were no significant changes in Accounting Policies.

	<u>TOTAL</u>	<u>LINE</u>	<u>ENERGY</u>
	\$000	\$000	\$000
2. REVENUE			
Appliance Sales and Servicing	1,651	0	1,651
Sales of Electricity	25,798	14,113	11,685
Other Miscellaneous Income	<u>1,749</u>	<u>467</u>	<u>1,282</u>
Total Revenue	<u>29,198</u>	<u>14,580</u>	<u>14,618</u>
3. NET SURPLUS BEFORE TAXATION			
Is stated after taking into account the following :			
Income from :			
Interest received	389	357	32
Charges in respect of :			
Audit Fees and expenses	30	23	7
Depreciation	1,402	1,303	99
Directors' Fees	70	54	16
Interest on Borrowings	336	336	0
Rental and operating lease costs	135	117	18
Research and Development	113	0	113
Foreign Currency Losses	11	11	0

NOTES TO THE FINANCIAL STATEMENTS

4. TAXATION RECONCILIATION STATEMENT

- i) The difference between the effective tax rate and the income tax rate of 33% is attributed to the following items:

Net Earnings Before Taxation	<u>2,348</u>	<u>2,109</u>	<u>239</u>
Prima Facie Tax Payable at 33%	775	696	79
Tax Effect of Permanent Differences			
- Expenses not deductible	2	2	0
- Prior Year Adjustments	<u>(26)</u>	<u>(26)</u>	<u>0</u>
INCOME TAX EXPENSE	<u>751</u>	<u>672</u>	<u>79</u>

- ii) The taxation charge comprises:-

- Current Taxation	760	681	79
- Future Tax Benefit	<u>(9)</u>	<u>(9)</u>	<u>0</u>
INCOME TAX EXPENSE	<u>751</u>	<u>672</u>	<u>79</u>

- iii) Tax reconciliation statement :

Income Tax Expense per accounts	751	672	79
Liability brought forward	47	47	0
Tax effect of timing differences	10	10	0
Prior period adjustments	301	301	0
Terminal & Provisional tax paid	<u>(890)</u>	<u>(833)</u>	<u>(57)</u>
CURRENT INCOME TAX PAYABLE	<u>219</u>	<u>197</u>	<u>22</u>

- iv) Future Tax Benefit :

Opening Balance	248	248	0
Future Benefit of current tax	<u>10</u>	<u>10</u>	<u>0</u>
FUTURE TAX BENEFIT	<u>258</u>	<u>258</u>	<u>0</u>

Subsequent realisation of the Future Tax Benefit is subject to compliance with the Income Tax Act 1976.

- v) IMPUTATION CREDITS

The following imputation credits are available for distribution to shareholders:

Opening Balance	752	656	96
Prior year adjustment	(90)	(90)	0
Tax Paid During the Year	607	664	(57)
Less Credits attached to Dividends Paid	<u>(123)</u>	<u>(106)</u>	<u>(17)</u>
Closing Balance	<u>1,146</u>	<u>1,124</u>	<u>22</u>

5. INVENTORIES

Construction Stock	814	668	146
Garage Stock	41	32	9
Appliance Stock	393	0	393
Work in progress	<u>90</u>	<u>58</u>	<u>32</u>
Total Inventories	<u>1,338</u>	<u>758</u>	<u>580</u>

NOTES TO THE FINANCIAL STATEMENTS

6.	INVESTMENTS			
	Investments in unlisted companies	48	0	48
	Term Deposits	60	55	5
	Sinking Funds	<u>1,252</u>	<u>1,252</u>	<u>0</u>
	Total Investments	<u>1,360</u>	<u>1,307</u>	<u>53</u>
7.	FIXED ASSETS			
	Distribution System - at cost	25,337	25,337	0
	Less Accumulated Depreciation	<u>(10,758)</u>	<u>(10,758)</u>	<u>0</u>
		<u>14,579</u>	<u>14,579</u>	<u>0</u>
	Buildings - at valuation	2,479	2,201	278
	Less Accumulated Depreciation	<u>(0)</u>	<u>0</u>	<u>(0)</u>
		<u>2,479</u>	<u>2,201</u>	<u>278</u>
	Motor Vehicles - at cost	1,722	1,331	391
	Less Accumulated Depreciation	<u>(1,222)</u>	<u>(944)</u>	<u>(277)</u>
		<u>500</u>	<u>386</u>	<u>114</u>
	Plant, Furniture & Equipment - at cost	2,315	1,789	526
	Less Accumulated Depreciation	<u>(1,325)</u>	<u>(1,024)</u>	<u>(301)</u>
		<u>990</u>	<u>765</u>	<u>225</u>
	Assets Less Than \$2000 - at book value	121	94	27
	Less Accumulated Depreciation	<u>(30)</u>	<u>(23)</u>	<u>(7)</u>
		<u>91</u>	<u>71</u>	<u>20</u>
	Non-Depreciable Assets - at cost	<u>6</u>	<u>4</u>	<u>1</u>
	Land at Valuation	<u>1,207</u>	<u>1,125</u>	<u>82</u>
	Total Fixed Assets			
	- at Cost	29,379	28,461	918
	- at Book Value	121	94	27
	- at Valuations	<u>3,686</u>	<u>3,326</u>	<u>360</u>
	Sub Total	33,186	31,881	1,305
	Less Accumulated Depreciated	<u>(13,335)</u>	<u>(12,750)</u>	<u>(585)</u>
	Fixed Assets at 31 March	<u>19,851</u>	<u>19,131</u>	<u>720</u>
8.	ACCOUNTS PAYABLE			
	Trade Creditors	2,424	1,210	1,214
	Customer Deposits	<u>212</u>	<u>116</u>	<u>96</u>
	Total Accounts Payable	<u>2,636</u>	<u>1,326</u>	<u>1,310</u>

Freehold Land and Buildings were valued by Mr G H Kelso ANZIV Registered Valuer of Lewis & Wright, Gisborne in February 1995 to their Net Current Value on the basis of their existing use and in accordance with the Asset Valuation Standards of the New Zealand Institute of Valuers.

NOTES TO THE FINANCIAL STATEMENTS

9.	PROVISIONS			
	Provision for taxation	219	197	22
	Employee Provisions	<u>608</u>	<u>470</u>	<u>138</u>
	Total Provisions	<u>827</u>	<u>667</u>	<u>160</u>
10.	RESERVES			
a)	Share Premium Reserve			
	Balance 1 April & 31 March	<u>252</u>	<u>222</u>	<u>30</u>
b)	Loan Redemption Reserve			
	Balance 1 April	1,036	1,036	0
	Transfer from Profits	<u>216</u>	<u>216</u>	<u>0</u>
	Balance at 31 March	<u>1,252</u>	<u>1,252</u>	<u>0</u>
c)	Asset Revaluation Reserve			
	Balance 1 April	0	0	0
	Revaluation of Land	1,134	1,056	78
	Revaluation of Buildings	<u>365</u>	<u>88</u>	<u>277</u>
	Balance at 31 March	<u>1,499</u>	<u>1,144</u>	<u>355</u>
	TOTAL RESERVES	<u>3,003</u>	<u>2,619</u>	<u>384</u>
11.	RETAINED EARNINGS			
	Retained Earnings 1 April	1,425	1,223	202
	Net Surplus after taxation	<u>1,597</u>	<u>1,437</u>	<u>160</u>
		3,022	2,660	362
	Less : Distribution to Shareholders	(250)	(215)	(35)
	Transfers to Reserves	<u>(215)</u>	<u>(215)</u>	<u>0</u>
	Retained Earnings 31 March	<u>2,557</u>	<u>2,230</u>	<u>327</u>

REPORT OF THE AUDIT OFFICE

We have examined the attached information.

- 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 Eastland 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.

C R Dixon
Audit New Zealand
On behalf of the Controller and Auditor-General
4 September 1995
Auckland, New Zealand

Eastland Energy Limited

Disclosure of financial and efficiency performance measures as required by regulations 13,14,15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

		Year ended 31 March			
		1995	1994	1993	1992
1.	Financial performance measures :				
(a)	Accounting return on total assets	5.61%	N/A	N/A	N/A
(b)	Accounting return on equity	4.32%	N/A	N/A	N/A
(c)	Accounting rate of profit	6.30%	N/A	N/A	N/A
2.	Efficiency performance measures :				
(a)	Direct line costs per kilometre	\$1108.04/km	N/A	N/A	N/A
(b)	Indirect line costs per electricity customer	\$128.14/cust	N/A	N/A	N/A
3.	Energy delivery efficiency performance measures :				
(a)	Load Factor	55.46%	N/A	N/A	N/A
(b)	Loss Ratio	7.98%	N/A	N/A	N/A
(c)	Capacity Utilisation	19.15%	N/A	N/A	N/A
4.	Statistics :				
(a)	System Length (kms)				
	- 50 kV	255	N/A	N/A	N/A
	- 11 kV	2080	N/A	N/A	N/A
	- 400 V	<u>487</u>	N/A	N/A	N/A
	- Total	<u>2822</u>	N/A	N/A	N/A
(b)	Circuit Length (overhead) (kms)				
	- 50 kV	255	N/A	N/A	N/A
	- 11 kV	1985	N/A	N/A	N/A
	- 400 V =	<u>400</u>	N/A	N/A	N/A
	- Total =	<u>2640</u>	N/A	N/A	N/A
(c)	Circuit Length (underground) (kms)				
	- 50 kV	0	N/A	N/A	N/A
	- 11 kV	95	N/A	N/A	N/A
	- 400 V	<u>87</u>	N/A	N/A	N/A
	- Total	<u>172</u>	N/A	N/A	N/A

		Year ended 31 March			
		1995	1994	1993	1992
(d)	Transformer capacity (kVA)	242,948	N/A	N/A	N/A
(e)	Maximum demand (kW)	46,514	N/A	N/A	N/A
(f)	Total electricity supplied (Kwh)	225,973,244	N/A	N/A	N/A
(g)	Total electricity conveyed on behalf of other persons	NIL	N/A	N/A	N/A
(h)	Total customers	19,932	N/A	N/A	N/A
5.	Reliability performance measures :				
(1)	Total number of interruptions -				
	Class A	0	N/A	N/A	N/A
	Class B	330	N/A	N/A	N/A
	Class C	203	N/A	N/A	N/A
	Class D	1	N/A	N/A	N/A
	Class E	0	N/A	N/A	N/A
	Class F	0	N/A	N/A	N/A
	Class G	<u>0</u>	N/A	N/A	N/A
	Total	<u>534</u>	N/A	N/A	N/A
(2)	Total number of faults per 100 circuit kms of prescribed voltage electric lines	8.69	N/A	N/A	N/A
(3)	Total number of faults per 100 circuit kms of underground prescribed voltage electric lines -				
	50 kV	NIL	N/A	N/A	N/A
	11 kV	<u>8.43</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	Total	<u>8.43</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(4)	Total number of faults per 100 circuit kms of overhead prescribed voltage electric lines -				
	50 kV	10.59	N/A	N/A	N/A
	11 kV	<u>8.46</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	Total	<u>8.70</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(5)	The SAIDI for total of interruptions :				
	Measured	564.74	N/A	N/A	N/A
	Estimated (Nov Storm)	<u>18.46</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	TOTAL	<u>583.21</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

		Year ended 31 March			
		1995	1994	1993	1992
(6)	The SAIDI for total of interruptions within each interruption class -				
	Class A	0	N/A	N/A	N/A
	Class B	195.44	N/A	N/A	N/A
	Class C :				
	- Measured	356.34	N/A	N/A	N/A
	- Estimated (No Storm)	<u>18.46</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	- TOTAL	<u>374.80</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	Class D	12.97	N/A	N/A	N/A
	Class E	0	N/A	N/A	N/A
	Class F	0	N/A	N/A	N/A
	Class G	0	N/A	N/A	N/A
(7)	The SAIFI for total of interruptions :				
	Measured	6.39	N/A	N/A	N/A
	Estimated (Nov Storm)	<u>0.81</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	TOTAL	<u>7.20</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(8)	The SAIFI for total of interruptions within each interruption class -				
	Class A	0	N/A	N/A	N/A
	Class B	1.32	N/A	N/A	N/A
	Class C :				
	- Measured	4.08	N/A	N/A	N/A
	- Estimated (Nov Storm)	<u>0.81</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	- TOTAL	<u>4.89</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	Class D	1.00	N/A	N/A	N/A
	Class E	0	N/A	N/A	N/A
	Class F	0	N/A	N/A	N/A
	Class G	0	N/A	N/A	N/A
(9)	The CAIDI for total of interruptions :				
	Measured	88.35	N/A	N/A	N/A
	Estimated (Nov Storm)	<u>22.71</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	TOTAL	<u>80.94</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(10)	The CAIDI for total of interruptions within each interruption class -				
	Class A	0	N/A	N/A	N/A
	Class B	148.23	N/A	N/A	N/A
	Class C :				
	- Measured	87.42	N/A	N/A	N/A
	- Estimated (Nov Storm)	<u>22.71</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	- TOTAL	<u>76.66</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	Class D	13.00	N/A	N/A	N/A
	Class E	0	N/A	N/A	N/A
	Class F	0	N/A	N/A	N/A
	Class G	0	N/A	N/A	N/A



Chartered Accountants

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

EASTLAND ENERGY LIMITED

I have examined the valuation report prepared by KPMG Peat Marwick and dated 31 August 1995, which report contains valuations as at 31 March 1995.

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


PETER KANE
Partner

31 August 1995

**WAIRARAPA ELECTRICITY
LIMITED**

**Wairarapa Electricity Limited
and Subsidiary Companies**

Financial Statements

For the year ended 31 March 1995

(Prepared in accordance with Ministry of Commerce Requirements)

Wairarapa Electricity Limited and Subsidiary Companies
Consolidated Income and Appropriation Statement

For the Year Ended 31 March 1995	Note	Consolidated	Parent	Line business	Energy and other business
		\$000s	\$000s	\$000s	\$000s
Sales		29,765	29,423	12,491	17,274
Net profit before taxation	2	3,183	3,250	2,731	452
Less					
Provision for taxation	3	703	725	630	73
Net profit after taxation		2,480	2,525	2,101	379
Plus					
Retained earnings brought forward		16,139	16,139	13,889	2,250
Retained earnings before appropriation		18,619	18,664	15,990	2,629
Less					
Provision for dividend		1,452	1,452	1,241	211
Retained earnings carried forward		17,167	17,212	14,749	2,418

Wairarapa Electricity Limited and Subsidiary Companies
Consolidated Statement of Financial Position

As at 31 March 1995

	Note	Consolidated	Parent	Line business	Energy and other business
		\$000s	\$000s	\$000s	\$000s
Assets					
Current Assets					
Cash and bank		407	407	198	209
Receivables	4	4,250	4,221	1,584	2,666
Inventories	5	1,355	1,194	472	883
Taxation refund	3	200	177	138	62
Advances to subsidiaries		-	5,722	-	-
Total Current Assets		6,212	11,721	2,392	3,820
Investments	11	1,791	1,791	-	1,791
Future income tax benefit	3	132	132	120	12
Fixed assets	6	38,989	33,495	31,747	7,242
Total Assets		47,124	47,139	34,259	12,865
Liabilities and Shareholders' Funds					
Current Liabilities					
Creditors and accruals	7	5,138	5,108	3,198	1,940
Current portion of borrowings	10	5,501	5,501	-	5,501
Provision for dividend		1,452	1,452	1,241	211
Other liabilities	8	425	425	171	254
Total Current Liabilities		12,516	12,486	4,610	7,906
Term Liabilities					
Term borrowings	10	1	1	-	1
Total Liabilities		12,517	12,487	4,610	7,907
Shareholders' Funds					
Share capital	12	16,720	16,720	14,285	2,435
Share premium reserve	13	720	720	615	105
Retained earnings		17,167	17,212	14,749	2,418
Total Shareholders' Funds		34,607	34,652	29,649	4,958
Total Liabilities and Shareholders' Funds		47,124	47,139	34,259	12,865

On behalf of the Company:


JD Matheson
CHAIRMAN


BJ Bourke
DIRECTOR

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts

1. Statement of Accounting Policies

The financial statements presented here are for the reporting entity Wairarapa Electricity Limited and the consolidated financial statements of the group comprising Wairarapa Electricity Limited and its subsidiaries.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1955, as amended by the Companies Amendment Act 1993, the Financial Reporting Act 1993 and 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 certain specific accounting policies are identified.

(i) Principles of Consolidation

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

(ii) Investments

Investments have been brought into account as follows:

- The holding company's investment in shares of its subsidiaries is stated at cost.
- Investment in shares in non listed companies are reflected at cost.

(iii) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using weighted average cost.

(iv) Receivables

Trade, Non-Trade and Hire Purchase receivables are stated at their net estimated realisable value. Hire Purchase receivables include unearned interest. An adjustment has been made at year end for unearned interest on hire purchase transactions according to the 'Rule of 78'.

An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the period in which they are identified.

(v) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation where applicable. Depreciation is provided on all tangible fixed assets, other than freehold land and the distribution system.

Depreciation is provided using rates which write off assets over their expected useful lives as below:

Buildings	40 - 100 years
Generation	10 - 40 years
Plant and equipment	5 - 10 years
Motor vehicles	4 5 years

Wairarapa Electricity Limited and Subsidiary Companies**Notes to the Accounts (continued)**

For each fixed asset having a construction period of greater than 12 months, interest cost incurred during the period of time that is required to complete and prepare the fixed asset for its intended use is capitalised as part of the total cost.

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

(vi) Distribution System Maintenance

A maintenance programme sufficient to maintain the distribution system indefinitely is undertaken on a continuous basis. All maintenance expenditure is charged to the Consolidated Income and Appropriation Statement as incurred in accordance with the maintenance programme. Maintenance expenditure includes all expenditure items which restore the distribution system to its original condition without enhancing the system's operational capacity. Provision is made for deferred maintenance where applicable.

(vii) Electricity Sales

All amounts actually billed to customers net of prompt payment discount during the year are included as electricity sales. Provision is made and included in electricity sales for the estimated value of electricity used but not billed at year end.

(viii) Income Tax

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

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

(ix) Financial Instruments

Revenues and expenses from financial instruments are recognised using accrual accounting.

(x) Construction Contracts

Construction contracts are stated at cost plus attributable profit to date less progress billings. Cost includes all costs directly related to specific contracts and an allocation of general overhead expenses incurred by the group's contract operations. Profit is based on percentage of completion of each contract and is not recognised unless the outcome of the contract can be reliably estimated. Losses are taken to the Consolidated Income and Appropriation Statement in the period in which they are identified.

(xi) Allocations to Business Units

Costs, revenues, assets and liabilities relating to the provision of contracting services to external parties have been allocated to 'energy and other business'.

Merger costs have been allocated according to the share capital attributable to each business.

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

Except where noted below, all costs, revenues, assets and liabilities have been allocated to business units in accordance with the Ministry of Commerce' Electricity Disclosure Guidelines dated 23 June 1994.

Corporate costs including directors' fees and audit fees have been allocated on the basis of estimated time spent by management on each business unit.

Trans Power transmission charges are a cost to the lines business.

(xii) Changes in Accounting Policies

All accounting policies have been applied on a consistent basis throughout the year.

There have been no changes in accounting policies from the previous period.

2. Net Profit Before Taxation

	Consolidated	Parent	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s	1995 \$000s
Included in net profit before taxation are the following items:				
Revenue:				
Interest received	76	132	37	39
Dividend revenue	113	113	-	113
Expenses:				
Directors' fees	68	68	34	34
Audit fees	25	25	12	13
Interest on borrowings	290	290	-	290
Depreciation	373	373	173	200
Merger costs	368	368	314	54

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

3. Taxation

	Consolidated	Parent	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s	1995 \$000s
Net profit before taxation	3,183	3,250	2,731	452
Prima facie taxation @ 33%	1,050	1,072	901	149
Adjusted by taxation effect of:				
Permanent differences	(324)	(324)	(271)	(53)
Add:				
Under provision of taxation in previous period	(23)	(23)	-	(23)
Taxation charge	703	725	630	73
Taxation charge is represented by:				
Current tax	718	740	633	85
Deferred tax	(15)	(15)	(3)	(12)
Taxation refund/(provision for taxation):				
Opening balance	43	43	-	43
Current tax charge	(718)	(741)	(633)	(85)
Less payments made	875	875	771	104
Closing balance	200	177	138	62
Future income tax benefit:				
Opening balance	117	117	117	-
Current period timing differences	15	15	3	12
Closing balance	132	132	120	12
Imputation credit account:				
Opening balance	(221)	(221)	(189)	(32)
Credits attached to dividend paid	394	394	337	57
Taxes paid	(875)	(875)	(771)	(104)
Closing balance	(702)	(702)	(623)	(79)

For the purposes of these financial statements, the future income tax benefit balance brought forward at 1 April 1994 has been attributed to Lines division.

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

4. Receivables

These are comprised as below:

	Consolidated	Parent	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s	1995 \$000s
Electricity	3,213	3,213	1,645	1,568
Provision for doubtful debts	(120)	(120)	(61)	(59)
	3,093	3,093	1,584	1,509
Hire purchase	1,000	1,000	-	1,000
Provision for Unearned Interest	(63)	(63)	-	(63)
	937	937	-	937
Prepayments	158	158	-	158
Other	62	33	-	62
Total Receivables	4,250	4,221	1,584	2,666

5. Inventories

The major categories are:

	Consolidated	Parent	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s	1995 \$000s
Distribution system	472	472	472	-
Appliance and servicing	694	694	-	694
Used appliances	20	20	-	20
Work in progress	8	8	-	8
Farming stock	161	-	-	161
Total Inventories	1,355	1,194	472	883

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

6. Fixed Assets

Fixed assets with their original cost and accumulated depreciation are:

	Consolidated	Parent	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s	1995 \$000s
Freehold land and improvements	4,755	496	81	4,674
Buildings	3,715	2,509	1,912	1,803
Less accumulated depreciation	1,090	1,090	895	195
	2,625	1,419	1,017	1,608
Distribution system	30,305	30,305	30,305	-
Generation	353	353	-	353
Less accumulated depreciation	249	249	-	249
	104	104	-	104
Plant and equipment	1,709	1,680	707	1,002
Less accumulated depreciation	1,042	1,042	438	604
	667	638	269	398
Motor vehicles	1,528	1,528	219	1,309
Less accumulated depreciation	995	995	144	851
	533	533	75	458
Total Fixed Assets	38,989	33,495	31,747	7,242

Interest cost capitalised on land purchased for generation activities amounting to \$437,000 is included above.

The latest Government valuation of the company's land and buildings was \$6,758,000.

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

7. Creditors and Accruals

These are comprised as below:

	Consolidated	Parent	Line business	Energy and other business
	1995	1995	1995	1995
	\$000s	\$000s	\$000s	\$000s
Trade creditors and accruals	4,728	4,698	3,085	1,643
Accrued interest	18	18	-	18
GST payable	60	60	45	15
Accrued leave	332	332	68	264
Total Creditors and Accruals	5,138	5,108	3,198	1,940

8. Other Liabilities

These are comprised as below:

	Parent and consolidated	Line business	Energy and other business
	1995	1995	1995
	\$000s	\$000s	\$000s
Merger investigation costs	200	171	29
Progress payments received in advance	48	-	48
Hydro project feasibility costs	177	-	177
Total Other Liabilities	425	171	254

9. Investment in Subsidiaries

Subsidiary Companies of Wairarapa Electricity Limited

Subsidiary Companies	Group Interest	Nature of Business
Dundalk Enterprises Limited	100%	Property company
Pimlico Enterprises Limited	100%	Property company
Glencalum Farms Limited	100%	Property company
New Generation Company Limited	100%	Property company

None of these Companies engage in activities which are part of the lines business.

All subsidiaries have balance dates of 31 March.

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

10. Borrowings

Repayments fall due in the following periods:

	Parent and Consolidated	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s
Current Portion of Borrowings			
Bank borrowings	501	-	501
Other borrowings	5,000	-	5,000
Total Current Portion	5,501	-	5,501
Term Portion of Borrowings			
One to two years	1	-	1
Two to four years	-	-	-
Total Term Portion	1	-	1
Total Borrowings	5,502	-	5,502

Interest rates applicable to loans range between 10.12% per annum and 13.55% per annum. (1994: 5.69% and 14.1%)

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

11. Investments

Investments include:

	Parent and Consolidated	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s
1,421,300 ordinary shares of 50 cents each (fully paid) in CentralPower Limited	1,791	-	1,791
99 ordinary shares of \$1 each (uncalled) in New Generation Company	-	-	-
Total Investments	1,791	-	1,791

12. Share Capital

	Parent and consolidated	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s
Authorised capital 100,000,000 ordinary shares of 95 cents each	95,000	N/A	N/A
Issued and paid up capital Balance at beginning of the period			
16,000,000 ordinary shares of 95 cents each	15,200	12,911	2,289
Movement			
Issue of 1,600,000 shares	1,520	1,291	229
Balance at end of period			
17,600,000 ordinary shares of 95 cents each	16,720	14,202	2,518

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

13. Share Premium Reserve

	Parent and consolidated 1995 \$000s	Line business 1995 \$000s	Energy and other business 1995 \$000s
Balance at beginning of period	-	-	-
Movement			
Issue of 1,600,000 shares at a premium of 45 cents per share	720	615	105
Balance at end of period	720	615	105

14. Capital Commitments - Energy and other business

As at 31 March 1995, there was \$400,000 (1994 Nil) of capital expenditure contracted for but not provided for in the financial statements. These commitments relate to the purchase of land intended for use in the hydro dam project. (Refer Note 19).

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

15. Contingent Liabilities

The following contingent liabilities have not been accrued in the financial statements as at 31 March 1995.

	Parent and Consolidated	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s
(i) Guarantees given to Horowhenua Energy Limited by ANZ Banking Group (New Zealand) Limited on Wairarapa Electricity Limited's behalf. These guarantees are performance bonds given in relation to contract work being undertaken by Wairarapa Electricity Limited.	150	-	150
(ii) Guarantee given to the New Zealand Stock Exchange by ANZ Banking Group (New Zealand) Limited on Wairarapa Electricity Limited's behalf.	75	65	11
(iii) Uncalled capital in PowerBuy Group Limited. Wairarapa Electricity Limited holds shares in PowerBuy Group Limited.	25	-	25
(iv) Wairarapa Electricity Limited is negotiating to sell its head office premises. It is expected that the building will be sold for an amount not less than its net book value. If the premises are sold the head office function will be relocated. Therefore, a contingent liability for relocation and fitting out the new premises exists. This is contingent on the sale of head office. It is anticipated that the majority of this work will be capitalised and the after tax effect on net profit will be minimal.			
(v) Various indemnities have been given to contractors working on the hydro dam project. It is considered unlikely that these indemnities will be called upon and therefore it is not necessary to provide for any liability. These liabilities relate to energy and other business.			

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

16 Segmental Reporting

The group operates predominantly in three industries - Line Services, Energy and Other.

Line Business

Line business comprises the provision of reticulation systems for the conveyance of electricity.

Energy

Energy comprises the sale of electricity.

Other

Other industry activities comprise retail and contracting operations and the farming of land held with the intention of being developed for Energy Generation Projects. None of these operations constitute a separately reportable segment.

The group operates predominantly in one geographical segment - the Wairarapa Region.

Intersegment pricing is on an "arms-length basis".

	Line Business	Energy	Other	Eliminations	Consolidated
	1995	1995	1995	1995	1995
	\$000s	\$000s	\$000s	\$000s	\$000s
External revenue	12,491	11,638	5,636	-	29,765
Intersegment revenue	-	-	5,354	(5,354)	-
Total operating revenue	12,491	11,638	10,990	(5,354)	29,765
Segment result	2,731	435	17	-	3,183
Segment assets	34,259	2,165	10,700	-	47,124

As comparatives for 1994 are unavailable they have not been disclosed.

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

17. Financial Instruments

Interest Rate Risk

Interest rate swaps and caps may be employed to manage interest rate exposure.

Credit Risk

Collateral

Due to the nature of the electricity supply industry collateral is not always obtained. While the group may be subject to credit losses up to the notional principal or contract amounts in the event of non performance by its counterparties, it does not expect such losses to occur.

Concentration of Credit Risk

The company places its cash with high credit quality financial institutions. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers included in the company's customer base.

Fair Value

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

Cash and Bank, Bank Deposits, Receivables, Current Liabilities

The carrying amounts of cash balances, receivables and current liabilities are equivalent to their fair value because of the short maturity of these balances.

Borrowings

The carrying value of borrowings approximates fair value because of the short maturity of the majority of this balance.

The Company anticipates holding borrowings to maturity therefore any fair value gain or loss is unlikely to be realised.

Wairarapa Electricity Limited held the following borrowings as at 31 March 1995:

Principal \$000's	Interest Rate	Maturity
5,000	10.12%	12 June 1995
500	13.55%	22 June 1995
1	11.25%	1 April 1995
1	13.00%	1 April 1996
5,502		

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

Details of borrowings outstanding as at 31 March 1994 are contained in Note 10.

Investments

It is not practicable to estimate the fair values of investments as there is no quoted market prices for these or similar investments. Details of investments are contained in Note 11.

18. Waingawa Hydro Generation Project

Wairarapa Electricity Limited are currently engaged in a feasibility study in respect of a hydro generation project in the Wairarapa region. The directors are committed to continuing with the feasibility study.

Capitalised expenditure as at 31 March was as follows:

	Consolidated	Parent	Line business	Energy and other business
	1995 \$000s	1995 \$000s	1995 \$000s	1995 \$000s
Land and buildings	3,007	293	-	3,007
Interest	280	42	-	280
Feasibility study	880	-	-	880
Total expenditure capitalised	4,167	335	-	4,167
 Government valuation of project land and buildings:	 2,303	 194	 -	 2,303

Resource consents have not yet been sought or received in relation to the hydro generation project. In addition, at each stage of the feasibility study, the directors assess the continued viability of the project based upon the results of an independent engineer's review. The outcome of these events is not certain.

In the event that the hydro generation project is terminated, capitalised expenditure amounting to \$1,160,000 (1994: \$34,000) would be required to be written off in the Consolidated Income and Appropriation statement. Upon termination, land and buildings would be revalued to net current value and any change in value would be recognised in the financial statements.

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

19. Wind Generation Project

Wairarapa Electricity Limited are currently engaged in feasibility studies in respect of wind generation projects in the Wairarapa region. The directors are committed to continuing with the feasibility studies.

Capitalised expenditure as at 31 March was as follows:

	Consolidated	Parent	Line business	Energy and other business
	1995	1995	1995	1995
	\$000	\$000s	\$000s	\$000s
Land and buildings	1,417	-	-	1,417
Interest	157	-	-	157
Feasibility studies	56	-	-	56
Total expenditure capitalised	1,630	-	-	1,630
Government valuation of project land and buildings:	830			-

Resource consents have been received in relation to a wind generation site. The outcome of this event is not certain.

In the event that the wind generation projects are terminated, capitalised expenditure amounting to \$213,000 (1994: \$27,000) would be required to be written off in the Consolidated Income and Appropriation Statement. Upon termination, land and buildings would be revalued to net current value and any change in value would be recognised in the financial statements.

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

20. Subsequent Events

Subsequent to balance date the Board of Directors resolved to discontinue the retail operations and restructure other operations. The costs expected to be incurred are:

Closure of retail operations	\$249,000
Changes in line business operations	\$103,000
Other organisational changes	<u>\$92,000</u>
	<u>\$444,000</u>

The financial effect of these events has not been recognised in these financial statements.

21. 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

Financial Performance Measures

Accounting return on total assets, being earnings before interest and tax, divided by total shareholder's funds employed:

5.66%

Accounting return on equity, being net profit after tax, divided by average shareholder funds:

4.35%

Accounting rate of profit, which shall be 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 total funds employed, minus half the amount of revaluations;

4.06%

Wairarapa Electricity Limited and Subsidiary Companies

Notes to the Accounts (continued)

Efficiency performance measures

Direct line costs per kilometre, which shall be calculated in accordance with the following formula:

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

where

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

\$1,626 per kilometre

Indirect line costs per electricity customer, which shall be calculated in accordance with the following formula:

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

where

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

\$37.03 per customer

Line business fixed assets other than the reticulation system have been valued on the basis of depreciated historic cost.



Peat Marwick

Chartered Accountants

**Certification by Auditor in Relation to Financial Statements of
Wairarapa Electricity Limited**

We have examined the attached financial statements prepared by Wairarapa 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.

Our examination was completed on 23 August 1995 and our opinion is stated as at that date.

RPMG Peat Marwick
Wellington



Chartered Accountants

Certification of Performance Measures by Auditors

We have examined the attached information, being:

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

and having been prepared by Wairarapa 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.

Our examination was completed on 23 August 1995 and our opinion is stated as at that date.

KPMG Peat Marwick
Wellington

**Disclosure of Energy Efficiency Performance Measuring and Statistics
Pursuant to Regulation 15 Electricity (Information Disclosure)
Regulations 1994**

1. Energy delivery efficiency performance measures

(a) Load factor 63.5%

Percentage of electrical energy entering the transmission system over maximum demand times hours per year.

(b) Loss ratio 5.2%

Transmission losses over electricity entering the system during the financial year.

(c) Capacity utilisation 25.7%

Maximum demand over total transformer capacity

2. Statistics

(a),(b) and (c) System length, broken down by nominal line voltages and sub-analysed into overhead and underground categories:

	Overhead (km)	Underground (km)	Total (km)
110kV	0.0	0.0	0.0
66kV	0.0	0.0	0.0
33kV	171.1	1.6	172.7
22kV	0.0	0.0	0.0
11kV	1521.2	34.2	1555.4
6.6kV	0.0	0.0	0.0
3.3kV	3.4	0.0	3.4
	-----	-----	-----
Total	1695.7	35.8	1731.5
	-----	-----	-----

(d) Transformer capacity (kilovolt amperes) 158,198 kVA

(e) Maximum demand (kilowatts) 40,616 kW

(f) Total electricity supplied from the system (kilowatt hours) 214.2 x 10⁶ kWh

(g) Total electricity conveyed through the system for other retailers (kilowatt hours):	1.5 x 10 ⁶ kWh
(h) Total customers	20,833

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

1. Total number of interruptions broken down by interruption class:

Class A - Planned by Trans Power	0
Class B - Planned by Wairarapa Electricity Limited	201
Class C - Unplanned by Wairarapa Electricity Limited	427
Class D - Unplanned by Trans Power	3
Class E - Unplanned by ECNZ	0
Class F - Unplanned by Generator (not ECNZ)	0
Class G - Planned/Unplanned other	<u>0</u>
Total	631
	<hr/>

2, 3 and 4. Total number of faults per 100 circuit kilometres of prescribed voltage electric line, sub-analysed into overhead and underground categories:

	Overhead	Underground	Total
110kV	0.0	0.0	0.0
66kV	0.0	0.0	0.0
33kV	5.8	0.0	5.8
22kV	0.0	0.0	0.0
11kV	27.1	2.9	30.0
6.6kV	0.0	0.0	0.0
3.3kV	<u>58.8</u>	<u>0.0</u>	<u>58.8</u>
Total	91.7	2.9	94.6
	<hr/>	<hr/>	<hr/>

5 and 6. The SAIDI for the total of interruptions was 276.9.

By class:

Class A - Planned by Trans Power	0.0
Class B - Planned by Wairarapa Electricity Limited	105.5
Class C - Unplanned by Wairarapa Electricity Limited	160.3
Class D - Unplanned by Trans Power	11.2
Class E - Unplanned by ECNZ	0.0
Class F - Unplanned by Generator (not ECNZ)	0.0
Class G - Planned/Unplanned other	0.0

7 and 8. The SAIFI for the total number of interruptions was 3.25.

By class:

Class A - Planned by Trans Power	0.00
Class B - Planned by Wairarapa Electricity Limited	0.76
Class C - Unplanned by Wairarapa Electricity Limited	1.92
Class D - Unplanned by Trans Power	0.57
Class E - Unplanned by ECNZ	0.00
Class F - Unplanned by Generator (not ECNZ)	0.00
Class G - Planned/Unplanned other	0.00

9 and 10. The CAIDI for the total number of interruptions was 85.2.

By class:

Class A - Planned by Trans Power	0.0
Class B - Planned by Wairarapa Electricity Limited	138.8
Class C - Unplanned by Wairarapa Electricity Limited	83.5
Class D - Unplanned by Trans Power	19.6
Class E - Unplanned by ECNZ	0.0
Class F - Unplanned by Generator (not ECNZ)	0.0
Class G - Planned/Unplanned other	0.0



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

We, J D Matheson and B J Bourke, directors of Wairarapa Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Wairarapa 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 Wairarapa 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 1 April 1994.


.....
J D Matheson
23 August 1995


.....
B J Bourke
23 August 1995

**Coopers
& Lybrand**

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The Directors
Wairarapa Electricity
P O Box 466
MASTERTON 5915

**CERTIFICATION BY AUDITOR IN RELATION TO
ODV VALUATION OF WAIRARAPA ELECTRICITY'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

11 MAY 1995

