



# New Zealand Gazette

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## KING COUNTRY ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994

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

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

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

The valuation on which those financial performance measures are based are as at 31 March 1996.



K S STREET  
DIRECTOR



G R H GOWER  
DIRECTOR

6 August 1996

Price Waterhouse Centre  
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*Price Waterhouse*



**KING COUNTRY ENERGY LIMITED**

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

We have examined the attached financial statements prepared by King Country Energy Limited and dated 31 March 1996 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

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

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

8 August 1996

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

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**KING COUNTRY ENERGY LIMITED**

**CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION**

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

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

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

8 August 1996

*This certificate is issued pursuant to Regulation 25(4) of the Electricity (Information Disclosure) Regulations 1994.*

**KING COUNTRY ENERGY LIMITED**

**STATEMENT OF FINANCIAL POSITION PREPARED IN ACCORDANCE WITH**

**THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994**

**AS AT 31 MARCH 1996**

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
<b>Shareholders Equity:</b>					
Share Capital	6	11,963,189	3,036,811	11,963,189	3,036,811
Reserves	7	505,065	148,776	484,650	123,027
Retained Earnings	7	578,103	931,668	290,832	822,089
<b>Total Equity</b>		<u>13,046,357</u>	<u>4,117,255</u>	<u>12,738,671</u>	<u>3,981,927</u>
<b>Represented by:</b>					
<b>Current Assets:</b>					
Cash & Bank Balances		2,166,750	1,781,328	2,410,823	1,352,661
Receivables	8	640,969	789,876	644,936	896,811
Inventories	9	461,359	17,217	459,584	33,039
Income Tax Receivable		50,781	14,323	71,344	-
<b>Total Current Assets</b>		<u>3,319,859</u>	<u>2,602,744</u>	<u>3,586,687</u>	<u>2,282,511</u>
<b>Non Current Assets:</b>					
Fixed Assets	11	10,641,806	1,501,931	9,851,174	1,347,097
Investments	10	85,112	-	86,062	-
Development Assets	12	-	857,439	-	973,736
Future Income Tax Benefit	4	152,397	26,299	56,747	6,912
<b>Total Non Current Assets</b>		<u>10,879,315</u>	<u>2,385,669</u>	<u>9,993,983</u>	<u>2,327,745</u>
<b>Total Assets</b>		<u>14,199,174</u>	<u>4,988,413</u>	<u>13,580,670</u>	<u>4,610,256</u>
<b>Current Liabilities:</b>					
Trade and Other Creditors		(724,129)	(542,817)	(672,777)	(563,239)
Customer Credit Balances		-	(256,795)	-	-
Provision for Holiday Pay		(128,708)	(33,971)	(169,222)	(5,090)
Proposed Dividend		(62,549)	(17,451)	-	(60,000)
<b>Total Current Liabilities</b>		<u>(915,386)</u>	<u>(851,034)</u>	<u>(841,999)</u>	<u>(628,329)</u>
<b>Non Current Liabilities:</b>					
Provision for Retirement Benefits	1	237,431	(20,124)	-	-
<b>Total Non Current Assets</b>		<u>(237,431)</u>	<u>(20,124)</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>		<u>(1,152,817)</u>	<u>(871,158)</u>	<u>(841,999)</u>	<u>(628,329)</u>
<b>Net Assets</b>		<u>13,046,357</u>	<u>4,117,255</u>	<u>12,738,671</u>	<u>3,981,927</u>

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

KING COUNTRY ENERGY LIMITED

STATEMENT OF FINANCIAL PERFORMANCE PREPARED IN ACCORDANCE WITH

THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994

FOR THE YEAR ENDED 31 MARCH 1996

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
Revenue	2	7,527,534	11,734,892	6,784,464	12,782,216
Expenses	3	<u>6,755,598</u>	<u>11,519,534</u>	<u>6,774,145</u>	<u>11,566,708</u>
Operating Surplus Before Income Tax		771,936	215,358	10,319	1,215,508
Income Tax	4	<u>(257,583)</u>	<u>(71,068)</u>	<u>(11,896)</u>	<u>(414,354)</u>
Operating Surplus / (Deficit) After Income Tax		<u>514,353</u>	<u>144,290</u>	<u>(1,577)</u>	<u>801,154</u>

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

**KING COUNTRY ENERGY LIMITED**  
**STATEMENT OF MOVEMENTS IN EQUITY PREPARED IN ACCORDANCE WITH**  
**THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994**  
**FOR THE YEAR ENDED 31 MARCH 1996**

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
<b>Equity at Beginning of the Year</b>		12,738,671	3,981,927	12,789,982	3,240,773
Transfer to Provision for Retirement Benefit (Net of related future tax benefit of \$79,689)		(148,896)	(12,897)	-	-
<b>Surplus and Revaluation's:</b>					
Net Surplus / (Deficit) for the Period		514,353	144,290	(1,577)	801,154
Loss on Disposal of houses attributable to equity issued on vesting date		-	-	(49,734)	-
Revaluation of Assets		<u>20,416</u>	<u>25,748</u>	-	-
<b>Total recognised revenues and expenses for the period</b>		13,124,544	4,139,068	(51,311)	801,154
<b>Other Movements:</b>					
Distributions to Owners	5	<u>(78,187)</u>	<u>(21,813)</u>	-	<u>(60,000)</u>
		<u>13,046,357</u>	<u>4,117,255</u>	<u>12,738,671</u>	<u>3,981,927</u>

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

**KING COUNTRY ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH****THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1996**

1.

**STATEMENT OF ACCOUNTING POLICIES**

The Financial Statements presented here are for the reporting entity King Country Energy Limited.

The Financial Statements have been prepared in accordance with the requirements of the Companies Act 1955 and the Financial Reporting Act 1993.

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

**ACCOUNTING PERIOD**

These financial statements cover trading for the year to 31 March 1996.

**DISTINCTION BETWEEN CAPITAL AND REVENUE EXPENDITURE**

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

**ELECTRICITY SALES**

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

**ACCOUNTS RECEIVABLE**

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

**CAPITAL CONTRIBUTIONS**

Capital Contributions are taken to income when received.

**INVENTORIES**

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

**INVESTMENTS**

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

**FIXED ASSETS**

Fixed Assets, other than Land and Buildings, are stated at cost less accumulated depreciation. Land and Buildings are stated at latest Government Valuation less accumulated depreciation on buildings. As future revisions of Government Valuation are received Land and Buildings will be revalued accordingly.

**OPTIMISED DEPRIVAL VALUE**

An Optimised Deprival Valuation (ODV) of the Network Business of the Company was carried out as at 31 March 1994, during the 1994/95 Financial Year. This valuation was carried out for information disclosure purposes under the Energy Companies Act 1992, Electricity Act 1992 and The Electricity (Information Disclosure) Regulations 1994. Under the ODV Methodology the value of the Network Business as at 31 March 1996 was \$25.3 million. (1995 \$25.3 million).

**NETWORK, ENERGY TRADING AND GENERATION BUSINESS VALUATIONS**

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



**GOVERNMENT VALUATIONS**

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

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

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

**DEPRECIATION**

Fixed Assets have been depreciated on the following basis.

Distribution Equipment	4% straight line on Cost
Buildings	2% straight line on Valuation
Generation Plant	4% straight line on Cost
Motor Vehicles	20% DV on Cost
Plant and Equipment	20% to 33% on DV

**TAXATION**

The Income Tax charged to the Statement of Financial Performance includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible costs. Deferred taxation, calculated using the liability method, is accounted for in respect of those timing differences expected to reverse in the foreseeable future. A deferred tax benefit is recognised only if there is a virtual certainty of realisation.

**DEVELOPMENT ASSETS**

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

**GOODS AND SERVICES TAX (GST)**

The Statement of Financial Performance and Statement of Movements in Equity have been prepared so that all components are stated exclusive of GST.

**CHANGES IN ACCOUNTING POLICY**

All accounting policies have been applied on a basis consistent with those used by the Company in the Period to 31 March 1995 except for the adoption of accrual accounting for the provision of Retirement Benefits to recognise the accumulating liability. This has resulted in the sum of \$161,793 being charged in the Statement of Movements in Equity to recognise the liability at 1 April 1995 and a charge of \$16,073 against Operating Surplus to reflect the current years' accrual.

**KING COUNTRY ENERGY LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH**  
**THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994**  
**FOR THE YEAR ENDED 31 MARCH 1996**

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
<b>2. REVENUE</b>					
Sales Revenue		6,631,790	11,472,244	5,982,924	11,599,812
Interest Received		224,566	126,319	156,298	76,982
Capital Contributions from Customers		192,124	-	42,724	-
Other Income		<u>479,054</u>	<u>136,329</u>	<u>602,518</u>	<u>1,105,422</u>
		<u>7,527,534</u>	<u>11,734,892</u>	<u>6,784,464</u>	<u>12,782,216</u>
<b>3. EXPENSES</b>					
Included in Operating Expense are the following items:					
Transpower Charges		2,070,729	-	2,606,923	-
Line Charges and Bulk Electricity Purchases		-	10,756,284	-	10,002,454
Depreciation		852,486	82,257	715,595	73,683
Bad Debts Written Off		14,923	20,034	28,020	17,672
Increase in Estimated Doubtful Debts		-	(8,800)	-	10,200
Audit Fees paid to Auditors		6,585	4,388	6,615	4,200
Other Fees paid to Auditors		17,355	11,572	-	-
Directors' Remuneration		64,000	16,000	64,518	12,982
Development Costs Written Off		-	27,999	-	-

**KING COUNTRY ENERGY LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE**  
**WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994**  
**FOR THE YEAR ENDED 31 MARCH 1996**

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
<b>4. INCOME TAX</b>					
The amount of Income Tax attributable to the financial period differs from the prima facie tax payable on the net profit before tax. The difference is reconciled as follows:					
Operating Surplus before Taxation		771,936	215,358	10,319	1,215,508
Taxation thereon at 33%		254,739	71,068	3,405	401,118
Permanent differences					
-Other		2,778	-	13,359	13,236
-Under / (Over) Provision in prior year		66	-	(4,868)	-
<b>INCOME TAX ATTRIBUTABLE TO OPERATING SURPLUS</b>		<u>257,583</u>	<u>71,068</u>	<u>11,896</u>	<u>414,354</u>
Comprising:					
-Current Tax Provision		278,704	85,229	(19,975)	377,631
-Deferred Income Tax Provision		(21,187)	(14,161)	36,739	36,723
-Over Provision in prior year		66	-	(4,868)	-
		<u>257,583</u>	<u>71,068</u>	<u>11,896</u>	<u>414,354</u>
<b>FUTURE INCOME TAX BENEFIT</b>					
Balance at beginning of year		56,747	6,912	93,486	43,635
Current year timing differences		95,650	19,387	(36,739)	(36,723)
Balance at end of year		<u>152,397</u>	<u>26,299</u>	<u>56,747</u>	<u>6,912</u>
<b>IMPUTATION CREDIT MEMORANDUM ACCOUNT</b>					
Balance at beginning of period		96,521	498,264	91,181	108,819
Dividend Paid		(30,808)	(8,595)	-	-
Taxation Payments Made		280,782	78,334	5,340	389,445
Balance at end of period		<u>346,495</u>	<u>568,003</u>	<u>96,521</u>	<u>498,264</u>

**KING COUNTRY ENERGY LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE**

**WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994**

**FOR THE YEAR ENDED 31 MARCH 1996**

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
<b>5. DIVIDENDS</b>					
Interim Dividend		15,637	4,363	-	-
Final Dividend Proposed		<u>62,550</u>	<u>17,450</u>	-	<u>60,000</u>
		<u>78,187</u>	<u>21,813</u>	-	<u>60,000</u>
<b>6. SHARE CAPITAL</b>					
Authorised Share Capital - Total Company					
15,000,000 ordinary shares of \$1.00 each		<u>11,963,189</u>	<u>3,036,811</u>	<u>11,963,189</u>	<u>3,036,811</u>
Issued and Paid up Capital					
Ordinary shares of \$1.00 each full paid		<u>11,963,189</u>	<u>3,036,811</u>	<u>11,963,189</u>	<u>3,036,811</u>
<b>7. RESERVES</b>					
<b>Movements in Reserves were:</b>					
<b>Share Premium Reserve</b>					
Balance at Beginning of Year		463,622	123,027	463,622	123,027
Balance at End of the Year		<u>463,622</u>	<u>123,027</u>	<u>463,622</u>	<u>123,027</u>
<b>Asset Revaluation Reserve</b>					
Balance at Beginning of the Year		21,028	-	21,028	-
Net Surplus on Revaluation of Land and Buildings		<u>20,415</u>	<u>25,749</u>	-	-
Balance at End of the Year		<u>41,443</u>	<u>25,749</u>	<u>21,028</u>	-
<b>Total Reserves</b>		<u>505,065</u>	<u>148,776</u>	<u>484,650</u>	<u>123,027</u>
<b>Retained Earnings</b>					
Balance at Beginning of the Year		290,832	822,089	342,143	80,935
Net Surplus for the Period		514,353	144,290	(1,577)	801,154
Dividends provided		(78,187)	(21,813)	-	(60,000)
Loss on Disposal of houses attributable to Equity issued on vesting date		-	-	(49,734)	-
Transfer to provision for Retirement Gratuity and Leave		<u>(148,895)</u>	<u>(12,898)</u>	-	-
Balance at End of the Year		<u>578,103</u>	<u>931,668</u>	<u>290,832</u>	<u>822,089</u>

**KING COUNTRY ENERGY LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE**  
**WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994**  
**FOR THE YEAR ENDED 31 MARCH 1996**

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
<b>8. RECEIVABLES</b>					
Trade and Sundry Debtors		<u>640,969</u>	<u>789,876</u>	<u>644,936</u>	<u>896,811</u>
<b>9. INVENTORY</b>					
Inventory comprises:					
Stocks of Materials for Line Construction & Maintenance		461,359	-	459,584	-
Finished goods and parts		-	17,217	-	33,039
		<u>461,359</u>	<u>17,217</u>	<u>459,584</u>	<u>33,039</u>
<b>10. INVESTMENTS</b>					
Staff Housing Loans		<u>85,112</u>	-	<u>86,062</u>	-
<b>11. FIXED ASSETS</b>					
<b>Distribution Equipment</b>					
-Cost		15,521,278	-	14,515,339	-
-Less Accumulated Depreciation		<u>(6,857,781)</u>	-	<u>(6,251,566)</u>	-
<b>Book Value</b>		8,663,497	-	8,263,773	-
<b>Generation Equipment</b>					
-Cost Plant and Machinery		-	1,366,306	-	853,087
-Valuation Land and Buildings		-	<u>265,000</u>	-	<u>306,244</u>
		-	1,631,306	-	1,159,331
Less Accumulated Depreciation		-	<u>(322,197)</u>	-	<u>(307,430)</u>
<b>Book Value</b>		-	1,309,109	-	851,901
<b>Land</b>					
-Cost		10,020	445	8,253	445
-Valuation		<u>295,845</u>	<u>16,555</u>	<u>306,845</u>	<u>16,555</u>
<b>-Book Value</b>		305,865	17,000	315,098	17,000

**KING COUNTRY ENERGY LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE**  
**WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994**  
**FOR THE YEAR ENDED 31 MARCH 1996**

	Note	Lines Business 1995/1996	Energy Business 1995/1996	Lines Business 1994/1995	Energy Business 1994/1995
<b>Buildings</b>					
-Cost		38,833	-	-	-
-Valuation		<u>851,371</u>	74,800	<u>948,387</u>	74,800
		890,204	74,800	948,387	74,800
-Less Accumulated Depreciation		<u>(68,404)</u>	<u>(3,550)</u>	<u>(55,590)</u>	<u>(2,050)</u>
<b>-Book Value</b>		<u>821,800</u>	71,250	892,797	72,750
<b>Motor Vehicles</b>					
-Cost		776,969	61,514	801,514	19,231
-Less Accumulated Depreciation		<u>(471,957)</u>	<u>(37,855)</u>	<u>(509,553)</u>	<u>(11,550)</u>
<b>-Book Value</b>		305,012	23,659	291,961	7,681
<b>Furniture, Plant and Equipment</b>					
-Cost		1,276,068	174,167	231,263	1,050,756
-Less Accumulated Depreciation		<u>(730,436)</u>	<u>(93,254)</u>	<u>(143,718)</u>	<u>(652,991)</u>
<b>-Book Value</b>		<u>545,632</u>	<u>80,913</u>	<u>87,545</u>	<u>397,765</u>
<b>Total Fixed Assets</b>		<u>10,641,806</u>	<u>1,501,931</u>	<u>9,851,174</u>	<u>1,347,097</u>
<b>Total Government Valuations dated 1992-1995 of</b>					
-Land		295,400	17,000	235,400	17,000
-Buildings		713,600	74,800	733,300	74,800
-Hydro Works		-	<u>4,418,000</u>	-	<u>4,500,000</u>
<b>12. DEVELOPMENT COSTS CAPITALISED</b>					
-Cost		-	28,826	-	145,123
-Valuation		-	<u>828,613</u>	-	<u>828,613</u>
		-	<u>857,439</u>	-	<u>973,736</u>

KING COUNTRY ENERGY LIMITED  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE  
WITH THE ELECTRICITY INFORMATION DISCLOSURE REGULATIONS 1994  
FOR THE YEAR ENDED 31 MARCH 1996

**13. FINANCIAL INSTRUMENTS**

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

**Cash, Bank Balances and Investments**

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

**Receivables, Trade and Other Creditors**

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

**Credit Risk and Collateral**

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

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

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

**14. RELATED PARTY TRANSACTIONS**

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

All transactions with related parties are made on normal Terms and Conditions.

No related party debts were forgiven or written off during the period.

There have been no related party transactions of a material nature other than the payment of dividends to the Trust of \$80,000.

**15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

At 31 March 1996 the Company has not entered into any contracts to purchase and install Capital Equipment of a major nature.

In the period to May 1995 there was a defective meter at Tokaanu Substation and the Company was not charged for some units by the Electricity Corporation of New Zealand. It is not known how much, if anything, will be charged on account of this short charge. In the Directors' opinion, it will not materially affect the results of the Company, if it is charged by E.C.N.Z.

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*Price Waterhouse*



**KING COUNTRY ENERGY LIMITED**

**CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS**

We have examined the attached information, being -

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

and having been prepared by King Country Energy Limited and dated 31 March 1996 for the purposes of regulation 13 of those regulations.

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

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

8 August 1996



KING COUNTRY ENERGY LIMITEDFINANCIAL PERFORMANCE MEASURES31 MARCH 19961. (a) Accounting Return on Total Assets

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

	<u>1995</u>	<u>1996</u>
	<u>\$'000</u>	<u>\$'000</u>
Earnings before Interest and Tax	523	1,360
Total Funds Employed 1995	28,565	28,193
Total Funds Employed 1996	28,193	27,695
Average Total Funds Employed	<u>28,379</u>	<u>27,944</u>
Accounting Return on Total Assets	<u>1.84%</u>	<u>4.87%</u>

(b) Accounting Return on Equity

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

	<u>\$'000</u>	<u>\$'000</u>
Net Profit after Tax	520	1,177
Shareholders' Funds 1995	28,565	28,193
Shareholders' Funds 1996	28,193	27,695
Average Shareholders Funds	<u>28,379</u>	<u>27,944</u>
Accounting Return on Equity	<u>1.83%</u>	<u>4.21%</u>

(c) Accounting Rate of Profit

	<u>\$'000</u>	<u>\$'000</u>
Earnings Before Interest and Tax	523	1,360
Less Cash Tax	5	(281)
Less Interest Tax Shield	-	-
Plus Revaluation's	<u>(557)</u>	<u>(421)</u>
	<u>(39)</u>	<u>658</u>
÷ Average Total Funds Employed, minus half the amount of revaluation's	<u>28,657</u>	<u>28,155</u>
Accounting Rate of Profit	<u>(0.14%)</u>	<u>2.34%</u>

## (d) Lines Business Fixed Assets at Optimised Deprival Value

ODV Audited Valuation Report Date	25,297	25,290
Network ODV at Audited Valuation Report Date \$m	31/3/94	31/3/94
	22.46	22.46

**KING COUNTRY ENERGY LIMITED**  
**EFFICIENCY PERFORMANCE MEASURES**  
**FOR THE YEAR ENDED 31 MARCH 1996**

2.	(a)	<b><u>Direct Line Costs per Kilometre</u></b>		
			<u>1995</u>	<u>1996</u>
		Direct Expenditure \$'000	2,595	2,387
		System Length km	2,280	2,228
		Direct Line Costs per Kilometre \$	<u>1,138</u>	<u>1,071</u>
	(b)	<b><u>Individual Line Costs per Electricity Customer</u></b>		
		Indirect Expenditure \$'000	3,516	3,541
		Total Customers	12,765	12,987
		Indirect Line Costs per Customer \$	<u>275</u>	<u>273</u>

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

<i>Energy Delivery Efficiency Performance Measures and Statistics</i>		1995	1996
1.	ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES:		
(a)	Load Factor -	45.9%	44%
(b)	Loss Ratio -	6.7%	7%
(c)	Capacity Utilisation -	13.8%	16%
2.	STATISTICS:		
(a)	System Length -	2280 km	2288 km
	33kV -	209 km	209 km
	11kV -	1603 km	1610 km
	230-400V -	467 km	469 km
(b)	Total Circuit Length -	2116 km (Overhead)	2123 km (Overhead)
	33kV -	209 km	209 km
	11kV -	1513 km	1544 km
	230-400V -	371 km	370 km
(c)	Total Circuit Length -	163 km (Underground)	165 km (Underground)
	33kV -	0 km	-
	11kV -	68 km	66 km
	230-400V -	95 km	99 km
(d)	Transformer Capacity -	214,690 kVA	219,200 kVA
(e)	Maximum Demand -	29,782 kW	33,950 kW
(f)	Total Electricity Supplied -	119,865,119 kWh	122,163,284 kWh
(g)	Total Electricity Conveyed on Behalf of Others -	112,384 kWh	-
(h)	Total Number of Customers -	12,765	12,987

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

<i>Reliability Performance Measures to be Disclosed by Line</i>		1995	1996
1.	TOTAL NUMBER OF INTERRUPTIONS:		
	Class A	1	0
	Class B	78	37
	Class C	350	511
	Class D	10	7
	Class E	0	0
	Class F	0	0
	Class G	0	0
	Total	439	555
2.	TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM		
	Total	19	15
	33kV	6	1
	11 kV	13	14
		(This breakdown is an estimate)	
3.	TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM OF UNDERGROUND CABLE		
	Total -	4	20
	11kV -	4	20
	33 kV -	0	0

PERFORMANCE MEASURES AND OTHER INFORMATION - PART IV  
Regulation 16

*Reliability Performance Measures to be Disclosed by Line*

4.	TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM OF OVERHEAD LINE		
	Total	-	16
	33kV	-	3
	11kV	-	13
			(This breakdown is an estimate)
5.	THE SAIDI FOR THE TOTAL OF INTERRUPTIONS		336
			313
6.	THE SAIDI FOR THE TOTAL NUMBER IF INTERRUPTIONS WITHIN EACH CLASS		
	Class A	-	37
	Class B	-	82
	Class C	-	203
	Class D	-	11
	Class E	-	0
	Class F	-	0
	Class G	-	0
7.	THE SAIFI FOR THE TOTAL NUMBER OF INTERRUPTIONS		5.6
			3.7
8.	THE SAIFI FOR THE TOTAL NUMBER OF INTERRUPTIONS WITHIN EACH CLASS		
	Class A	-	0.1
	Class B	-	0.5
	Class C	-	3.9
	Class D	-	1.0
	Class E	-	0
	Class F	-	0
	Class G	-	0
9.	THE CAIDI FOR THE TOTAL OF ALL INTERRUPTIONS		59
			85
10.	THE CAIDI FOR THE TOTAL OF ALL INTERRUPTIONS WITH IN EACH INTERRUPTION CLASS		
	Class A	-	240
	Class B	-	157
	Class C	-	52
	Class D	-	11
	Class E	-	0
	Class F	-	0
	Class G	-	0

