

New Zealand Gazette

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CENTRALPOWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

CentralPower Limited

ENERGY AND LINE BUSINESS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

INDEX

	Page
STATEMENTS OF FINANCIAL PERFORMANCE	3
STATEMENTS OF FINANCIAL POSITION	4
NOTES TO THE FINANCIAL STATEMENTS	5
PERFORMANCE MEASURES	10
CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS	
CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS	
CERTIFICATION OF FINANCIAL STATEMENTS BY DIRECTORS OF THE COMPANY	
STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO SECRETARY OF COMMERCE	
CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower	
CERTIFICATION BY AUDITORS IN RELATION TO ODV VALUATION OF CENTRALPOWER LINES BUSINESS	

CENTRALPOWER LIMITED
ENERGY AND LINE BUSINESSES
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1996

	NOTES	LINES (000's)	ENERGY (000's)
REVENUE	2	26,346	25,083
EXPENSES	2	20,764	25,019
Net profit before taxation		5,582	64
Taxation		2,279	26
Net profit after taxation		3,303	38

The accompanying notes form part of these financial statements

CENTRALPOWER LIMITED
ENERGY AND LINE BUSINESSES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 1996

	NOTES	LINES (000's)	ENERGY (000's)
CURRENT ASSETS	4	17,605	31,281
FIXED ASSETS	5	83,587	4,085
INVESTMENTS	6		9
TOTAL ASSETS		<u>101,192</u>	<u>35,375</u>
CURRENT LIABILITIES	7	31,367	2,710
SHAREHOLDERS FUNDS		69,825	32,665
TOTAL EQUITY AND LIABILITIES		<u>101,192</u>	<u>35,375</u>

The accompanying notes form part of these financial statements

CENTRALPOWER LIMITED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 1996****NOTE 1. STATEMENT OF ACCOUNTING POLICIES**

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

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

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

a) Income Recognition

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

b) Investments**Associated Companies**

Investments in associated companies are accounted for on an equity basis.

c) Fixed Assets

CentralPower has five classes of fixed assets:

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

All fixed assets are initially recorded at cost. Network lines and equipment are revalued to optimised deprival value (ODV) as determined by an independent valuer. Land and buildings are subsequently revalued to net current value or where the land and building are for resale, to the lower of cost and net realisable value as determined by an independent valuer.

During the year ended 31 March 1996 a reallocation was made between cost and accumulated depreciation for plant and equipment and motor vehicles. This adjustment did not affect the overall book value of these assets.

d) Depreciation

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

Major useful lives are:

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

e) Receivables

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

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

f) Income Tax

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

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

g) Inventories

Inventories are stated at the lower of cost (calculated on an average cost basis), or net realisable value.

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

Work in progress is valued at net realisable value.

h) Leases

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

i) Contributions for Subdivisions/Uneconomic Lines

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

j) Accounting for Goods and Services Tax

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

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

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

1. Billing and metering costs are allocated between the Line and Energy businesses on a 50 : 50 basis.
2. Allocation of sundry accruals, between the Line and energy businesses, is on the basis of cost of sales.
3. Allocation of indirect rates costs, between the Line and Energy businesses, is on the basis of floor area occupied.
4. Allocation of indirect cleaning costs, between the Line and Energy businesses, is on the basis of floor area occupied.

With the exception of the allocation of billing and metering costs none of the departures above materially impact the financial statements. This departure in allocating billing and metering costs increases the Energy business' net profit after tax and retained earnings by \$475,000 and decreases the Lines business' net profit after tax and external earnings by \$475,000.

NOTE 2. SURPLUS BEFORE TAXATION

	Lines	Energy
<i>After Charging</i>		
Audit fees	28	20
Other fees paid to the auditors	168	4
Bad Debts written off (net)	74	72
Changes in the provision for doubtful debts	(28)	(11)
Depreciation expense	1,795	259
(Gain)/Loss on sale of fixed assets	54	1
Directors remuneration	185	178
Leasing and rental expense	14	13

NOTE 3. TAXATION

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

NOTE 4. CURRENT ASSETS

Cash	14,145	3,533
Debtors	2,371	2,135
Inventories	744	5
Fixed Assets (Land and Buildings for sale)	345	203
Intercompany receivables	-	25,405
	<hr/>	<hr/>
	17,605	31,281
	<hr/>	<hr/>

NOTE 5. FIXED ASSETS

Network lines and equipment (at ODV Valuation)	79,738	-
Freehold Land and Buildings (At Valuation)	2,540	3,300
Other Fixed Assets	1,654	988
	<hr/>	<hr/>
	83,932	4,288
	<hr/>	<hr/>

The above are classified as follows:

Non Current Fixed Assets	83,587	4,085
Current Fixed Assets	345	203
	<hr/>	<hr/>
	83,932	4,288

Valuations

Freehold non current land and buildings have been revalued and are stated at net current value as determined by an independent registered valuer Mr G J Blackmore (FNZIV), of the firm Blackmore & Associates Limited, as at 31 March 1996.

Network lines and equipment have been revalued and are stated at net current value as determined by Worley Consultants, registered valuers, and Mr D A Macdonald, of the firm Coopers and Lybrand, as at 31 March 1996.

NOTE 6. INVESTMENTS

Associated companies		9
		<hr/>
		9
		<hr/>

NOTE 7. CURRENT LIABILITIES

Creditors	2,250	969
Accruals	3,712	1,741
Intercompany payables	25,405	-
	<hr/>	<hr/>
	31,367	2,710
	<hr/>	<hr/>

PERFORMANCE MEASURES		31 Mar 96	31 Mar 95
PART II			
1. FINANCIAL PERFORMANCE MEASURES			
(a) Accounting return on total assets		6.6%	6.0%
(b) Accounting return on equity		3.9%	4.8%
(c) Accounting rate of profit		(6.1%)	3.8%
2. EFFICIENCY PERFORMANCE MEASURES			
(a) Direct line costs per km	\$/km	564	628
(b) Indirect line costs per electricity customer	\$/cust	158	290
ODV Valuation 31 March 1996		87,012	
PART III			
1. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES			
(a) Load factor		63.8%	59.6%
(b) Loss ratio (excluding bulk sales)		6.8%	7.3%
(c) Capacity utilisation		46.1%	29.4%
2. STATISTICS			
(a) system length together with breakdown of length into nominal voltages	33KV	267	267
	11KV	2587	2577
	400V	877	860
	total	3731	3705
(b) total circuit length (km) of overhead lines that form part of the system and breakdown of length according to nominal line voltages	33KV	261	261
	11KV	2479	2476
	400V	618	609
	total	3358	3346
(c) total circuit length (km) of underground lines that form part of the system and breakdown of length according to nominal line voltages	33KV	7	7
	11KV	111	107
	400V	265	261
	total	383	375
(d) Transformer capacity, in kilovolt amperes		180,000	290,398
(e) Maximum demand, in kilowatts		83,052	85,273
(f) Total electricity supplied from the system in kilowatt hours		464,223,000	445,426,839
(g) Total amount of electricity conveyed through the system during the financial year on behalf of other persons that are electricity generators or electricity retailers not being persons in PBR with the line owner		NIL	NIL
(h) Total customers		32,060	32,657
PART IV			
RELIABILITY PERFORMANCE MEASURES			
1. Total number of interruptions, together with a breakdown into interruption class	class A	0	0
	class B	360	423
	class C	284	336
	class D	1	1
	class E	0	0
	class F	0	0
	class G	0	0
	total	645	760

		31 Mar 96	31 Mar 95
2.Total number of faults per 100 circuit km of prescribed voltage electric lines		10	11
3.Total number of faults per 100 circuit km of U/G prescribed voltage electric lines together with a breakdown into nominal voltages	33KV	0.0	0
	11KV	9.6	5.6
		9.0	5.27
4.Total number of faults per 100 circuit km of O/H prescribed voltage electric lines together with a breakdown into nominal voltages	33KV	7.7	3.45
	11KV	10.0	12.6
		10.0	11.73
(5) &(6)SAIDI for total interruptions and the SAIDI broken down by interruption class	class A	0	0
	class B	109	103
	class C	117	120
	class D	2	7
	class E	0	0
	class F	0	0
	class G	0	0
	total	227	230
(7)&(8)SAIFI for total interruptions and the SAIFI broken down by interruption class	class A	0	0
	class B	1	1
	class C	4	3
	class D	0	0
	class E	0	0
	class F	0	0
	class G	0	0
	total	5	4
(9)&(10)CAIDI for total interruptions and the CAIDI broken down by interruption class	class A	0	0
	class B	170	169
	class C	31	35
	class D	6	27
	class E	0	0
	class F	0	0
	class G	0	0
	total	49	53

ARTHUR
ANDERSEN

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by CentralPower Limited and dated 31 March 1996 for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

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



Kevin J Fox
5 August 1996

ARTHUR
ANDERSEN

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being -

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

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

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

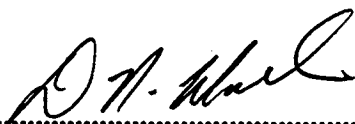
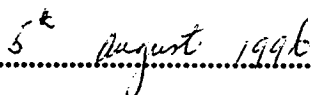


Kevin J Fox
5 August 1995

Form 4

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

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

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

Form 7

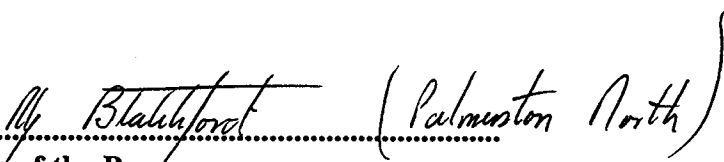
**STATUTORY DECLARATION IN RESPECT OF STATEMENTS
AND INFORMATION SUPPLIED TO SECRETARY OF COMMERCE**

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

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


.....
D N Walker

Declared at Palmerston North this 5 day of August 1996


.....
Justice of the Peace

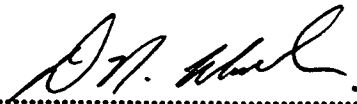
Form 5

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

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

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

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



.....
D N Walker - Managing Director

Date: 5/8/96.....



.....
W C McPhail - Director

Date: 5/8/96.....

Coopers
& Lybrand

chartered accountants
and business advisers

telephone 0-9-358 4888
facsimile 0-9-309 5828

PO Box 48
DX CP24073
Coopers & Lybrand Tower
23-29 Albert Street
Auckland
New Zealand

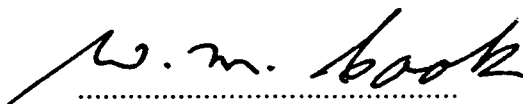
125 years
of innovation

The Directors
Central Power Ltd
Private Bag 11024
PALMERSTON NORTH

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

I have examined the valuation report prepared by Coopers & Lybrand and dated 27 May 1996, which report contains valuations as at 31 March, 1996.

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



W MURRAY COOK
30 JULY 1996

