

New Zealand Gazette

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WAIPA POWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

WAIPA POWER LIMITED - LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1996

	Note	1996 \$	1995 \$
REVENUE		<u>10,120,926</u>	<u>9,826,468</u>
NET SURPLUS BEFORE TAX	2	2,186,221	2,110,290
LESS TAXATION EXPENSE	3	500,651	707,147
NET SURPLUS AFTER TAX		<u>1,685,570</u>	<u>1,403,143</u>
PROVISION FOR DIVIDEND		<u>1,251,387</u>	<u>1,146,778</u>
RETAINED EARNINGS FOR THE YEAR		<u>434,183</u>	<u>256,365</u>

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

WAIPA POWER LIMITED - LINE BUSINESS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1996

	Note	1996 \$	1995 \$
EQUITY			
Authorised and paid up capital	4	8,000,000	8,000,000
Capitalisation of assets reserve	5	7,903,349	7,903,349
Revaluation of assets reserve		32,827,736	-
Retained earnings		1,037,332	603,149
TOTAL EQUITY		<u>49,768,417</u>	<u>16,506,498</u>
Represented By:			
CURRENT ASSETS			
Cash and Bank		573,371	273,246
Short term investments		4,860,000	4,864,322
Receivables and prepayments	7	676,426	1,106,359
Inventories	8	<u>317,919</u>	<u>500,596</u>
		6,427,716	6,744,523
CURRENT LIABILITIES			
Accounts payable and accruals - trade		584,148	739,662
Provisions	9	1,323,692	1,222,556
Taxation payable		<u>(8,534)</u>	<u>(43,680)</u>
		<u>1,899,306</u>	<u>1,918,538</u>
WORKING CAPITAL		4,528,410	4,825,985
NON - CURRENT ASSETS			
Fixed assets	10	45,240,007	11,782,502
Future taxation benefit	3	-	(101,989)
NET ASSETS		<u>49,768,417</u>	<u>16,506,498</u>

For and on behalf of the Company

D M Reed Director

J J Van Eden Director

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

WAIPA POWER LIMITED - LINE BUSINESS

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

FOR THE YEAR ENDED 31 MARCH 1996

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

The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 (the Regulations) on an historical cost basis, as modified by the revaluation of certain assets.

Particular Accounting Policies

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

a) Network Charges

Income from Network charges includes an estimated amount for accrued sales from meters unread as at 31 March 1996.

b) Investments

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

c) Fixed Assets

The Company has five classes of fixed assets as follows:

Freehold Land

Freehold Buildings

Reticulation Assets

Motor Vehicles

Plant and Equipment

The Reticulation Assets were revalued on a optimised depreciated replacement cost basis by independent valuers on 1 April 1995 and subsequently will be revalued every 3 years. Additions to the Reticulation Assets since revaluation are stated at cost.

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

All other fixed assets are recorded at cost less accumulated depreciation.

d) Infrastructure Asset

The Infrastructure asset comprises the reticulation network.

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

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

e) Capital Contributions

Contributions towards the cost of additions to the Reticulation Assets are recognised as income when received.

WAIPA POWER LIMITED - LINE BUSINESS

f) Depreciation

Land and Reticulation Assets are not depreciated. Depreciation has been provided on other fixed assets using the straight line method at rates which amortise the cost less estimated residual value over their economic lives. Depreciation on assets purchased during the year has been charged on a monthly basis from month of purchase.

The maximum depreciation rates are:

Buildings	3.0%
Motor Vehicles	20.0%
Computers Equipment & Software	20.0%
Plant, Furniture and Equipment	10.0%

g) Receivables

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

h) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method and is accounted for using the partial basis.

A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

i) Inventories

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

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

j) Financial Instruments

The Company includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, debtors, creditors and investments.

Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

k) Methodology of Separation of Businesses

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

CHANGES IN ACCOUNTING POLICIES

Reticulation assets which were previously recorded at cost are now revalued no less than triennially by a suitably qualified valuation expert. The Directors believe that this valuation is a better representation of the asset value than a historical cost basis. The effect of this change has been to increase both the value of non-current assets and equity by \$32,827,736.

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

WAIPA POWER LIMITED - LINE BUSINESS

2 NET PROFIT BEFORE TAXATION

	1996	1995
	\$	\$
After Charging:		
Direct Expenditure	1,805,777	2,181,555
Audit fees and expenses	22,650	18,253
Directors' fees	49,440	43,760
Bad Debts	8,136	88,925
Other Indirect expenditure	1,237,150	931,454
Depreciation	200,456	187,651
After Crediting:		
Interest Received	480,553	364,227

3 TAXATION

	1996	1995
	\$	\$
Net profit before taxation	<u>2,186,221</u>	<u>2,110,290</u>
Prima facie taxation at 33%	721,453	696,396
Tax effect of permanent differences	(125,963)	
Tax effect of timing differences not recognised	<u>26,243</u>	<u>31,802</u>
Taxation Expense	621,733	728,198
Over provision previous year	2,245	(34,012)
Adjustments Previous Years	<u>(123,327)</u>	<u>12,961</u>
Total Taxation Expense	<u><u>500,651</u></u>	<u><u>707,147</u></u>
The Taxation charge comprises:		
- current taxation	565,735	557,923
- deferred taxation	<u>(65,084)</u>	<u>149,224</u>
	<u><u>500,651</u></u>	<u><u>707,147</u></u>
Deferred Taxation/(Future Taxation Benefit)		
Opening balance	101,989	(51,624)
Adjustments Previous Years	(36,905)	4,389
Deferred portion of current year tax expense	<u>(65,084)</u>	<u>149,224</u>
	<u><u>-</u></u>	<u><u>101,989</u></u>

Deferred tax relates primarily to non-deductible provisions.

Imputation credit memorandum account.

Balance at the beginning of the year	753,303	508,874
Dividends Allocated	(564,831)	(342,322)
Taxation paid	<u>537,567</u>	<u>586,751</u>
Balance at end of year	<u><u>726,039</u></u>	<u><u>753,303</u></u>

WAIPA POWER LIMITED - LINE BUSINESS

4 SHARE CAPITAL

	1996	1995
	\$	\$
Authorised, Issued & Paid-up Share Capital		
8,000,000 ordinary shares of \$1 each	8,000,000	8,000,000

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

5 CAPITALISATION OF ASSETS

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

	1996	1995
	\$	\$
Net assets of Te Awamutu and Cambridge Electric Power Boards taken over on 1 May 1993	15,903,349	15,903,349
Par value of shares issued as fully paid up	8,000,000	8,000,000
Capitalisation of Assets Reserve	<u>7,903,349</u>	<u>7,903,349</u>

6 FINANCIAL INSTRUMENTS**Fair Value**

The estimated fair value of Waipa Power Limited's financial instruments at 31 March 1996 are stated in the Statement of Financial Position.

Credit Risk

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

WAIPA POWER LIMITED - LINE BUSINESS

7 RECEIVABLES

	1996	1995
	\$	\$
Trade debtors	627,068	997,072
Provision for Doubtful Debts	<u>(10,406)</u>	<u>(10,406)</u>
	616,662	986,666
Accrued Income	50,849	108,457
Prepayments	<u>8,915</u>	<u>11,236</u>
	<u><u>676,426</u></u>	<u><u>1,106,359</u></u>

8 INVENTORIES

	1996	1995
	\$	\$
Stock	317,919	500,596
Work in Progress	<u>-</u>	<u>-</u>
	<u><u>317,919</u></u>	<u><u>500,596</u></u>

9 PROVISIONS

	1996	1995
	\$	\$
Payroll Provisions (annual leave, holiday pay, etc)	72,305	75,778
Provision for dividend	<u>1,251,387</u>	<u>1,146,778</u>
	<u><u>1,323,692</u></u>	<u><u>1,222,556</u></u>

WAIPA POWER LIMITED - LINE BUSINESS

10 FIXED ASSETS

	1996 \$	1995 \$
Reticulation Assets		
Cost - additions since 1 April 1995	583,872	14,116,208
Valuation	<u>42,663,322</u>	<u> </u>
	43,247,194	14,116,208
Accumulated Depreciation	<u>-</u>	<u>4,342,150</u>
Net Book Value	43,247,194	9,774,058
Freehold Land		
Cost	93,443	93,443
Freehold Buildings		
Cost	1,536,367	1,536,867
Accumulated Depreciation	<u>160,674</u>	<u>145,535</u>
Net Book Value	1,375,693	1,391,332
Motor Vehicles		
Cost	1,444,048	1,402,551
Accumulated Depreciation	<u>1,052,600</u>	<u>1,018,948</u>
Net Book Value	391,448	383,603
Plant, Furniture and Fittings		
Cost	390,811	369,127
Accumulated Depreciation	<u>258,582</u>	<u>229,061</u>
Net Book Value	<u>132,229</u>	<u>140,066</u>
Total Net Book Value	<u><u>45,240,007</u></u>	<u><u>11,782,502</u></u>

The Reticulation Assets were revalued by E W Graham, B.E. (Elect), F.I.P.E.N.Z., Coopers & Lybrand and Worley Consultants Limited on 1 April 1995 to a value of \$42,663,322 on a optimised depreciated replacement cost basis.

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

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

WAIPA POWER LIMITED - LINE BUSINESS

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

12 CORPORATISATION OF WAIPA POWER LIMITED

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

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

13 RELATED PARTIES

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

- i) An advance to the Waipa Power Trust of \$20,000 was made in 1995 to cover its projected running costs. The advances were reimbursed during the year. No advances were made in the 1996 year.
- ii) Related Parties purchase goods and services on normal terms of trade.

In addition, provision has been made in the accounts for payment of a dividend to the Waipa Power Trust of \$1,251,387 (1995 \$1,146,778).

14 PERFORMANCE MEASURES

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

	1996	1995
1. Financial performance measures		
(a) Accounting return on total assets	4.40%	4.26%
(b) Accounting return on equity	3.40%	2.84%
(c) Accounting rate of profit	3.32%	3.08%
2. Efficiency performance measures:		
(a) Direct line costs per kilometre	\$979	\$1,186
(b) Indirect line costs per electricity customer	\$67	\$55

WAIPA POWER LIMITED - LINE BUSINESS

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

	1996	1995
1. Energy Delivery efficiency performance measures:		
(a) Load factor	58.15	56.76
(b) Loss ratio	6.76	6.63
(c) Capacity utilisation	33.43	34.87
2. Statistics		
(a) System Length		
Circuit Kilometres >11kV	0	0
Circuit Kilometres 11kV	1,330	1,329
Circuit Kilometres 400V	515	512
Total	1,845	1,841
(b) System Length - Overhead		
Circuit Kilometres >11kV	0	0
Circuit Kilometres 11kV	1,291	1,291
Circuit Kilometres 400V	400	399
Total Overhead	1,691	1,690
(c) System Length - Underground		
Circuit Kilometres >11kV	0	0
Circuit Kilometres 11kV	39	38
Circuit Kilometres 400V	115	113
Total Underground	154	151
(d) Transformer Capacity (In Kilovolt Amperes)	160,313	152,413
(e) Maximum Demand	53,598	53,154
(f) Electricity Supplied from the system (in Kilowatt Hours)	254,564,400	246,793,027
(g) Electricity Conveyed through the system (in Kilowatt Hours)	189,029	0
(h) Total Customers	19,748	19,683

WAIPA POWER LIMITED - LINE BUSINESS

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

	1996	1995
1 Total number of interruptions		
Class A - Planned interruptions caused by Transpower	0	0
Class B - Planned interruptions by Line Owners	283	309
Class C - Unplanned interruptions by Line Owners	138	119
Class D - Unplanned interruptions caused by Transpower	4	2
Class E - Unplanned interruptions caused by generation by ECNZ	0	0
Class F - Unplanned interruptions caused by other generation	0	0
Class G - Any loss of supply not covered by classes A to F	0	0
Total	425	430
2 The total number of faults per 100 circuit kilometres of prescribed voltage electric line		
11kV	10.38	8.95
3 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line		
11kV	2.56	0.00
4 The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line		
11kV	10.61	9.22
5 The SAIDI for the total number of interruptions	388.34	411.53
6 The SAIDI for the total number of interruptions within each interruption class		
Class A - Planned interruptions caused by Transpower	0.00	0.00
Class B - Planned interruptions by Line Owners	182.90	104.97
Class C - Unplanned interruptions by Line Owners	170.95	257.10
Class D - Unplanned interruptions caused by Transpower	34.49	49.46
Class E - Unplanned interruptions caused by generation by ECNZ	0.00	0.00
Class F - Unplanned interruptions caused by other generation	0.00	0.00
Class G - Any loss of supply not covered by classes A to F	0.00	0.00
7 The SAIFI for the total number of interruptions	5.06	5.66

WAIPA POWER LIMITED - LINE BUSINESS

	1996	1995
8 The SAIFI for the total number of interruptions within each interruption class		
Class A - Planned interruptions caused by Transpower	0.00	0.00
Class B - Planned interruptions by Line Owners	0.97	0.59
Class C - Unplanned interruptions by Line Owners	3.30	3.97
Class D - Unplanned interruptions caused by Transpower	0.79	1.10
Class E - Unplanned interruptions caused by generation by ECNZ	0.00	0.00
Class F - Unplanned interruptions caused by other generation	0.00	0.00
Class G - Any loss of supply not covered by classes A to F	0.00	0.00
9 The CAIDI for the total number of interruptions	77	73
10 The CAIDI for the total number of interruptions within each interruption class		
Class A - Planned interruptions caused by Transpower	0	0
Class B - Planned interruptions by Line Owners	189	177
Class C - Unplanned interruptions by Line Owners	52	65
Class D - Unplanned interruptions caused by Transpower	44	45
Class E - Unplanned interruptions caused by generation by ECNZ	0	0
Class F - Unplanned interruptions caused by other generation	0	0
Class G - Any loss of supply not covered by classes A to F	0	0

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

We, Ms DIANE REED and Mr JAN VAN EDEN, Directors of **Waipa Power Limited** certify that, having made all reasonable enquiry, to the best of our knowledge,-

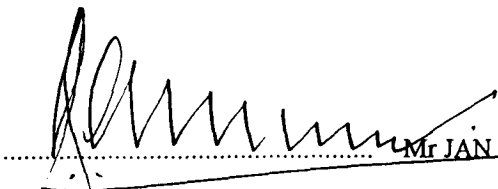
- (a) The attached audited financial statements of **Waipa Power Limited**, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of the regulations; and
-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

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

Signatures:



Ms DIANE REED



Mr JAN VAN EDEN

Date:

28 July 1996



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

WAIPA POWER LIMITED

I have examined the attached financial statements prepared by Waipa Power Limited and dated 28 July 1996 for the purpose of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

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

A handwritten signature in cursive script, appearing to read 'L B Kemble', is written in black ink.

L B Kemble

Audit New Zealand

On behalf of the Controller and Auditor-General

30 July 1996

Hamilton, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

WAIPA POWER LIMITED

I have examined the attached information, being:

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

and having been prepared by Waipa Power Limited and dated 28 July 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 information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in cursive script, appearing to read 'L B Kemble'.

L B Kemble
Audit New Zealand
On behalf of the Controller and Auditor-General
30 July 1996
Hamilton, New Zealand



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

WAIPA POWER LIMITED

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

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

A handwritten signature in black ink, appearing to read 'K. Murphy'.

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

WAIPA POWER LIMITED - OTHER BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 MARCH 1996

	Note	1996 \$	1995 \$
REVENUE		<u>15,866,334</u>	<u>14,592,774</u>
NET SURPLUS BEFORE TAX	2	846,030	894,515
LESS TAXATION EXPENSE	3	323,263	278,797
NET SURPLUS AFTER TAX		<u>522,767</u>	<u>615,718</u>
PROVISION FOR DIVIDEND		388,108	503,222
RETAINED EARNINGS FOR THE YEAR		<u>134,659</u>	<u>112,496</u>

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

WAIPA POWER LIMITED - OTHER BUSINESS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1996

	Note	1996 \$	1995 \$
EQUITY			
Authorised and paid up capital	4	2,000,000	2,000,000
Capitalisation of assets reserve	5	2,802,477	3,352,477
Retained earnings		333,895	199,236
TOTAL EQUITY		<u>5,136,372</u>	<u>5,551,713</u>
Represented By:			
CURRENT ASSETS			
Cash and Bank		1,098,705	396,381
Short term investments		2,800,000	3,660,676
Receivables and prepayments	8	1,887,002	1,604,926
Inventories	9	<u>386,686</u>	<u>585,986</u>
		6,172,393	6,247,969
CURRENT LIABILITIES			
Accounts payable and accruals - trade		1,736,303	1,575,248
Provisions	10	463,662	773,300
Taxation payable		<u>25,560</u>	<u>(14,855)</u>
		<u>2,225,525</u>	<u>2,333,693</u>
WORKING CAPITAL		3,946,868	3,914,276
NON - CURRENT ASSETS			
Fixed assets	11	1,189,504	1,529,171
Future taxation benefit	3	-	108,266
NET ASSETS		<u>5,136,372</u>	<u>5,551,713</u>

For and on behalf of the Company

D M Reed Director

J J Van Eden Director

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

WAIPA POWER LIMITED - OTHER BUSINESS

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

FOR THE YEAR ENDED 31 MARCH 1996

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

The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 (the Regulations) on an historical cost basis.

Particular Accounting Policies

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

a) Electricity Sales

Sales of electricity includes an estimated amount for accrued sales from meters unread as at 31 March 1996.

b) Investments

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

c) Fixed Assets

The Company has four classes of fixed assets as follows:

Freehold Land
Freehold Buildings
Motor Vehicles
Plant and Equipment

Fixed assets are recorded at cost less accumulated depreciation.

d) Depreciation

Depreciation has been provided on fixed assets using the straight line method at rates which amortise the cost less estimated residual value over their economic lives.

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

The maximum depreciation rates are:

Buildings	3.0%
Motor Vehicles	20.0%
Computers Equipment & Software	20.0%
Plant, Furniture and Equipment	10.0%

WAIPA POWER LIMITED - OTHER BUSINESS

e) Receivables

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

f) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method and is accounted for using the partial basis.

A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

g) Inventories

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

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

h) Financial Instruments

The Company includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, debtors, creditors and investments.

Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

i) Methodology of Separation of Businesses

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

CHANGES IN ACCOUNTING POLICIES

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

WAIPA POWER LIMITED - OTHER BUSINESS

2 NET PROFIT BEFORE TAXATION

	1996	1995
	\$	\$
After Charging:		
Audit fees and expenses	16,930	18,253
Depreciation	110,116	87,564
Directors' fees	44,570	33,324
Bad Debts	11,250	121,372
Net Loss on Disposal of Fixed Assets	4,226	(83,532)
After Crediting:		
Interest Received	319,272	274,012

3 TAXATION

	1996	1995
	\$	\$
Net profit before taxation	<u>846,030</u>	<u>894,515</u>
Prima facie taxation at 33%	279,190	295,190
Tax effect of permanent differences		
- non-assessable items	<u>44,073</u>	<u>(16,393)</u>
Taxation Expense	323,263	278,797
Over provision previous year	-	-
Adjustments Previous Years	<u>-</u>	<u>-</u>
Total Taxation Expense	<u><u>323,263</u></u>	<u><u>278,797</u></u>
The Taxation charge comprises:		
- current taxation	214,997	287,497
- deferred taxation	<u>108,266</u>	<u>(8,701)</u>
	<u><u>323,263</u></u>	<u><u>278,796</u></u>
Deferred Taxation/(Future Taxation Benefit)		
Opening balance	(108,266)	(99,565)
Adjustments Previous Years	-	-
Deferred portion of current year tax expense	<u>108,266</u>	<u>(8,701)</u>
	<u><u>-</u></u>	<u><u>(108,266)</u></u>

Deferred tax relates primarily to non-deductible provisions.

Imputation credit memorandum account.

Balance at the beginning of the year	352,763	200,627
Dividends Allocated	(247,856)	(150,216)
Taxation paid	<u>204,292</u>	<u>302,352</u>
Balance at end of year	<u><u>309,199</u></u>	<u><u>352,763</u></u>

WAIPA POWER LIMITED - OTHER BUSINESS

4 SHARE CAPITAL

	1996	1995
	\$	\$
Authorised, Issued & Paid-up Share Capital		
2,000,000 ordinary shares of \$1 each	2,000,000	2,000,000

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

5 CAPITALISATION OF ASSETS

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

	1996	1995
	\$	\$
Net assets of Te Awamutu and Cambridge Electric Power Boards taken over on 1 May 1993	4,802,477	5,352,477
Par value of shares issued as fully paid up	2,000,000	2,000,000
Capitalisation of Assets Reserve	<u>2,802,477</u>	<u>3,352,477</u>

6 CORPORATISATION OF WAIPA POWER LIMITED

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

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

7 FINANCIAL INSTRUMENTS**Fair Value**

The estimated fair value of Waipa Power Limited's financial instruments at 31 March 1996 are stated in the Statement of Financial Position.

Credit Risk

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

WAIPA POWER LIMITED - OTHER BUSINESS

8 RECEIVABLES

	1996	1995
	\$	\$
Trade debtors	1,871,114	1,540,604
Provision for Doubtful Debts	<u>(39,594)</u>	<u>(39,594)</u>
	1,831,520	1,501,010
Accrued Income	33,784	81,594
Prepayments	<u>21,698</u>	<u>22,322</u>
	<u><u>1,887,002</u></u>	<u><u>1,604,926</u></u>

9 INVENTORIES

	1996	1995
	\$	\$
Stock	335,427	354,713
Work in Progress	<u>51,259</u>	<u>231,273</u>
	<u><u>386,686</u></u>	<u><u>585,986</u></u>

10 PROVISIONS

	1996	1995
	\$	\$
Payroll Provisions (annual leave, holiday pay, etc)	75,554	270,078
Provision for dividend	<u>388,108</u>	<u>503,222</u>
	<u><u>463,662</u></u>	<u><u>773,300</u></u>

WAIPA POWER LIMITED - OTHER BUSINESS

11 FIXED ASSETS

	1996	1995
	\$	\$
Freehold Land		
Cost	11,893	15,613
Freehold Buildings		
Cost	774,664	1,148,977
Accumulated Depreciation	<u>108,396</u>	<u>163,638</u>
Net Book Value	666,268	985,339
Motor Vehicles		
Cost	143,793	191,092
Accumulated Depreciation	<u>82,247</u>	<u>82,200</u>
Net Book Value	61,546	108,892
Plant, Furniture and Fittings		
Cost	1,360,790	1,195,313
Accumulated Depreciation	<u>910,993</u>	<u>775,986</u>
Net Book Value	<u>449,797</u>	<u>419,327</u>
Total Net Book Value	<u><u>1,189,504</u></u>	<u><u>1,529,171</u></u>

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

A contingency could arise for the difference between market and hedged energy prices should surplus energy units have to be sold on the spot market. It is not possible to quantify the value of this contingency in the unlikely event that it should arise.

Capital commitments for future capital expenditure at 31 March 1996 amounted to \$120,000.

13 RELATED PARTIES

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

- i) An advance to the Waipa Power Trust of \$20,000 was made in 1995 to cover its projected running costs. The advances were reimbursed during the year. No advances were made in the 1996 year.
- ii) Related Parties purchase goods and services on normal terms of trade.

In addition, provision has been made in the accounts for payment of a dividend to the Waipa Power Trust of \$388,108 (1995 \$503,222).



