



New Zealand Gazette

OF THURSDAY, 29 AUGUST 1996

WELLINGTON: WEDNESDAY, 4 SEPTEMBER 1996 — ISSUE NO. 104

POWERCO LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

Powerco Limited

Financial Statements as required by
The Electricity (Information
Disclosure) Regulations 1994


for the year ended
31 March 1996


POWERCO LIMITED**ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994****CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower**

We, Barry Raymond Upson, director, and Simon Paul Moutter, principal of Powerco Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of Powerco 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, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Powerco 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.





22 August 1996

**Deloitte Touche
Tohmatsu**



POWERCO LIMITED

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

Certification of Performance Measures by Auditor

We have examined the performance measures set out in Note 21 to the attached financial statements 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 the Schedule, -

and having being prepared by Powerco Limited and dated 22 August 1996 for the purposes of regulation 13 of those regulations.

The Optimised Deprival Valuations completed in 1995 and used to derive these performance measures were audited by KPMG Peat Marwick.

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

Deloitte Touche Tohmatsu

**Deloitte Touche Tohmatsu
Hamilton
22 August 1996**

**Deloitte Touche
Tohmatsu**



POWERCO LIMITED

ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

Certification by Auditor in Relation to Financial Statements

We have examined the attached financial statements prepared by Powerco Limited and dated 22 August 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, the financial statements give a true and fair view of matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

Deloitte Touche Tohmatsu

**Deloitte Touche Tohmatsu
Hamilton
22 August 1996**

POWERCO LIMITED
Statement of Financial Position
as at 31 March 1996

	Notes	31 March 1996				31 March 1995			
		Line \$000	Energy \$000	Other \$000	Total \$000	Line \$000	Energy \$000	Other \$000	Total \$000
EQUITY									
Share capital	2	59,982	5,509	31,022	96,513	64,399	5,068	37,226	106,693
Reserves	3	23,514	2,333	(341)	25,506	22,772	3,835		26,607
Retained earnings	4	4,411	414	1,621	6,446	10,275	1,013	3,580	14,868
		87,907	8,256	32,302	128,465	97,446	9,916	40,806	148,168
NON CURRENT LIABILITIES									
Term advances facility		(13,078)	1,953	20,170	9,045				
Deferred taxation						322			322
		(13,078)	1,953	20,170	9,045	322			322
CURRENT LIABILITIES									
Accounts payable		4,397	4,248	2,408	11,053	3,743	5,112	1,877	10,732
Taxation payable						435	32	220	687
Provision for dividend		6,766	(672)	3,549	9,643	998	203		1,201
Provision for employee entitlements		1,440	25	440	1,905	427			427
		12,603	3,601	6,397	22,601	5,603	5,347	2,097	13,047
TOTAL EQUITY AND LIABILITIES		\$87,432	\$13,810	\$58,869	\$160,111	\$103,371	\$15,263	\$42,903	\$161,537

	Notes	31 March 1996			31 March 1995				
		Line \$000	Energy \$000	Other \$000	Total \$000	Line \$000	Energy \$000	Other \$000	Total \$000
NON CURRENT ASSETS									
Fixed assets	6	78,356	1,135	34,400	113,891	75,874	94	35,722	111,690
Goodwill on consolidation								956	956
Investments in associates	8		189	438	627		525		525
Other investments	9			19,585	19,585	8,565	60	55	8,680
		78,356	1,324	54,423	134,103	84,439	679	36,733	121,851
CURRENT ASSETS									
Cash	10	(2,747)	4,033	(1,092)	194	7,279	5,579	1,887	14,745
Receivables and prepayments	11	8,798	8,502	4,819	22,119	8,638	8,985	3,690	21,313
Tax refund due		502	(50)	283	715	384	10		394
Inventories	12	2,524		456	2,980	2,631	10	593	3,234
		9,077	12,485	4,446	26,008	18,932	14,584	6,170	39,686
TOTAL ASSETS		\$87,432	\$13,810	\$58,869	\$160,111	\$103,371	\$15,263	\$42,903	\$161,537

For and behalf of the Board:



B R Upson
Director



R I Gilbert
Director

POWERCO LIMITED
Statement of Financial Performance
for the year ended 31 March 1996

	Notes	31 March 1996			31 March 1995				
		Line \$000	Energy \$000	Other \$000	Total \$000	Line \$000	Energy \$000	Other \$000	Total \$000
OPERATING REVENUE	13	48,921	47,278	26,799	122,998	50,972	53,575	19,158	123,705
OPERATING SURPLUS BEFORE TAXATION	14	11,567	(1,149)	6,067	16,485	11,786	654	3,516	15,956
Taxation expense	15	3,603	(358)	2,218	5,463	3,731	212	1,143	5,086
Underprovision of previous years taxation						258	18	123	399
OPERATING SURPLUS AFTER TAXATION		7,964	(791)	3,849	11,022	7,797	424	2,250	10,471
Share of retained surplus (losses) in associate companies after tax	19		24	13	37				
OPERATING SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS		\$7,964	(\$767)	\$3,862	\$11,059	\$7,797	\$424	\$2,250	\$10,471

POWERCO LIMITED
Statement of Movements in Equity
for the year ended 31 March 1996

	Notes	31 March 1996			31 March 1995				
		Line \$000	Energy \$000	Other \$000	Total \$000	Line \$000	Energy \$000	Other \$000	Total \$000
EQUITY AT 1 APRIL 1995		97,446	9,916	40,806	148,168	90,086	9,758	37,726	137,570
OPERATING SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS		7,964	(767)	3,862	11,059	7,797	424	2,250	10,471
Contributions from shareholders									
Partly paid shares received		1,064	215		1,279	914	49	670	1,633
		1,064	215		1,279	914	49	670	1,633
Distributions to shareholders									
Share repurchase		(8,421)	(374)	(6,205)	(15,000)				
Dividends - paid	20	(4,080)	(179)	(3,006)	(7,265)	(3,571)	(438)	(1,055)	(5,064)
- proposed	20	(5,993)	(550)	(3,100)	(9,643)				
		(18,494)	(1,103)	(12,311)	(31,908)	(3,571)	(438)	(1,055)	(5,064)
Reserves transfers									
Transfer to reserves						2,220	123	1,215	3,558
Transfer to tax provision		(73)	(5)	(55)	(133)				
		(73)	(5)	(55)	(133)	2,220	123	1,215	3,558
EQUITY AT 31 MARCH 1996		\$87,907	\$8,256	\$32,302	\$128,465	\$97,446	\$9,916	\$40,806	\$148,168

POWERCO LIMITED

Notes to the Financial Statements for the year ended 31 March 1996

1. Statement of Accounting Policies

Reporting Entity

Powerco Limited is a public company registered under the Companies Act 1993. The group consists of Powerco Limited, its subsidiary and its associates. On 1 October 1995 the operations of Powerco were amalgamated with that of Taranaki Energy, an electricity and gas distribution and retailing company serving the central and north Taranaki region, pursuant to Part XIII of the Companies Act 1993. Prior to this amalgamation Taranaki Energy's financial year ended on 30 June each year.

The following activities are the principal activities undertaken by Powerco Limited throughout the financial year:

- Distribution and retailing of electricity and value added services.
- Distribution and retailing of gas and value added services.
- Hydro electricity generation

These financial statements have been prepared to comply with the provisions of Section 44 of the Energy Companies Act 1992, the Companies Act 1993, the Financial Reporting Act 1993.

Measurement Basis

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Group, with the exception that certain fixed assets have been revalued.

Specific Accounting Policies

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

a) Basis of Consolidation

The consolidated financial statements include those of Powerco Limited and its wholly owned subsidiary, Taranaki Energy Limited (previously Taranaki Energy Investments Limited). All significant inter-company transactions and balances are eliminated on consolidation. In the parent company financial statements investments in subsidiaries are stated at cost.

b) Associate Companies

These are companies in which the group holds substantial shareholdings and in whose commercial and financial policy decisions it participates.

Associate companies have been reflected in the consolidated financial statements on an equity accounting basis which shows the group's share of profits in the consolidated statement of financial performance and its share of post acquisition increases or decreases in net assets, in the consolidated statement of financial position.

c) Fixed Assets

The capital value of fixed assets is the value at either Optimal Deprival Value (ODV), Optimised Depreciated Replacement Cost (ODRC) on previous mergers of Taranaki Energy Limited, the amalgamating company, or cost.

ODV, and ODRC Valuations were completed by KPMG Peat Marwick, independent consultants, at the time of the establishment of Taranaki Energy Limited. Assets recorded at ODV and ODRC value are the following assets:

- Electricity and gas distribution networks, formerly part of New Plymouth Energy
- Gas distribution network formerly part of Hawera Gas Company assets.

Network distribution assets other than those above and any additions to fixed assets since amalgamation are recorded at cost.

d) Depreciation of Fixed Assets

Depreciation rates for major classes of asset are:

Land	Not Depreciated
Buildings	1% SL
Furniture and Fittings	10% to 20% DV
Office Equipment	10% to 33% DV
Motor Vehicles	20% DV
Network Systems and Generation	2% SL and 5% to 14.4% DV

e) Receivables

Accounts receivable are valued at expected realisable value, after providing for doubtful debts. All known bad debts have been written off during the period under review.

f) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both the current year's expense and the income tax effect of timing differences using the liability method.

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

g) Inventory

Inventory is valued at the lower of historical cost and net realisable value. The weighted average method has been used to determine historical cost. The quantity of gas in pipes has been estimated by Powerco Limited's gas engineers, and valued at average purchase cost per unit.

h) Investments

Investments are valued at the lower of cost and net realisable value.

i) Revenue Recognition

Revenue from the sale of energy and value added services is recognised when invoices are issued plus an accrual is made for unread meters at balance date.

j) Basis of Allocation to Business Units.

In general the Ministry of Commerce guidelines for allocation of expenditure have been applied. Deviations from the guidelines have been used where assumptions made in the guidelines have not held true for Powerco Limited, and are as follows:

- The assumption that energy alone interfaces with electricity consumers does not hold for Powerco Limited. Customer related expenditures are allocated according to the number of customers attributable to each business.
- Overhead costs that are integral parts of operating each business have been allocated according to the direct expenditure incurred by each business.

Changes in Accounting Policies

The company has adopted a policy of accounting for deferred taxation on a partial basis. Previously all timing differences were accounted for on a comprehensive basis. As a result of the amalgamation with Taranaki Energy, the Directors have adopted the policy of that company as more appropriate to the circumstances of the amalgamated company.

As a result of the change, the previously accounted for liability has been reversed to the current year taxation expense as shown in Note 15. The statement of financial position impact is also set out in Note 15.

The company has reviewed the allocation methods used for the allocation of corporate overheads to the various business units of the company. Where a new method of allocation provides better representation of the actual distribution of cost, and is also in line with the allocation guidelines, the new method has been adopted.

There were no other material differences in the accounting policies followed by the amalgamating companies, Taranaki Energy Limited and Powerco Limited in previous years. There have been no other changes in the policies used in the previous financial period.

Comparative Figures

Comparative figures shown are for Powerco Limited and Taranaki Energy Limited for the year ended 31 March 1995. As a result of the amalgamation with Taranaki Energy Limited, current year's transactions include those of that power company since 1 April 1995 in accordance with Section 27(2) of the Electricity (Information Disclosure) Regulations 1994.

Notes and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

2 SHARE CAPITAL

	1996 \$000	1995 \$000
Issued capital	108,028	108,028
less uncalled capital	1,335	2,968
Opening issued and paid up capital as at 31 March 1995	\$106,693	\$105,060
Calls on capital	1,279	1,633
Bonus share issue	3,541	-
Shares repurchased	(15,000)	-
Closing issued and paid up capital as at 31 March 1996	\$96,513	\$106,693

Total number of ordinary shares issued as of 31 March 1996 amounted to 52,123,989. 503,933 shares were partly paid up as at that date, and \$55,598 was uncalled.

3 RESERVES

	1996 \$000	1995 \$000
Balance as at 31 March 1995	\$26,607	\$26,999
Bonus share issue transferred to capital	(3,541)	(280)
Reserves transferred from retained earnings	2,440	-
Bad debt write-off pertaining to Wanganui Rangitikei Electric Power Board	-	(112)
Balance as at 31 March 1996	\$25,506	\$26,607

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

4 RETAINED EARNINGS

	1996 \$000	1995 \$000
Balance as at 31 March 1995	\$14,868	\$5,509
Operating Surplus After Taxation	11,059	10,470
Dividends paid and proposed	(16,908)	(5,064)
Transfer from (to) reserves	(2,440)	3,953
Transfer to tax provision	(133)	-
Balance as at 31 March 1996	\$6,446	\$14,868

5 FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable. The five largest accounts receivable balances as at 31 March 1996 comprise 8.63% of total accounts receivable. Cash deposits are only made with registered banks, no specific concerns regarding credit risk exist.

The company has established a Wholesale Term Advances Facility with the Westpac Banking Corporation of up to \$25 million dollars. At 31 March 1996 the amount drawn down from this facility amounted to \$9.045 million. Interest is charged to the company according to the daily wholesale lending rate. The facility is based on a revolving credit and as such does not have set repayment dates.

The company performs credit evaluations on customers where possible. New customers with known high credit risk are required to pay a bond before energy is supplied to them.

All financial instruments are recorded in the financial statements at carrying values which are not materially different from estimated fair values. No undisclosed financial instruments exist.

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

6 FIXED ASSETS**Fixed Assets as at 31 March 1996**

	Line 1996 \$000	Energy 1996 \$000	Other 1996 \$000	Total 1996 \$000
Land				
Capital value	1,490	180	504	2,174
Buildings				
Capital value	10,320	189	862	11,371
less Accumulated depreciation	1,345	6	75	1,426
	8,975	183	787	9,945
Furniture and Fittings				
Capital value	2,527	220	364	3,111
less Accumulated depreciation	1,396	95	128	1,619
	1,131	125	236	1,492
Office Equipment				
Capital value	3,450	1,228	775	5,453
less Accumulated depreciation	1,926	581	372	2,879
	1,524	647	403	2,574
Motor Vehicles				
Capital value	4,666	1	173	4,840
less Accumulated depreciation	3,114	1	68	3,183
	1,552		105	1,657
Network Systems and Generation				
Capital value	83,122		34,642	117,764
less Accumulated depreciation	20,117		2,287	22,404
	63,005		32,355	95,360
Work in Progress	679		10	689
Total Fixed Assets	\$78,356	\$1,135	\$34,400	\$113,891

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 1996

Fixed Assets as at 31 March 1995

	Line 1996 \$000	Energy 1996 \$000	Other 1996 \$000	Total 1996 \$000
Land				
Capital value	1,580	13	640	2,233
Buildings				
Capital value	10,314	14	1,095	11,423
less Accumulated depreciation	1,297	5	133	1,435
	9,017	9	962	9,988
Furniture and Fittings				
Capital value	779	14	290	1,083
less Accumulated depreciation	410	5	89	504
	369	9	201	579
Office Equipment				
Capital value	1,784	72	1,267	3,123
less Accumulated depreciation	646	26	460	1,132
	1,138	46	807	1,991
Motor Vehicles				
Capital value	5,707	6	553	6,266
less Accumulated depreciation	3,358	2	159	3,519
	2,349	4	394	2,747
Network Systems and Generation				
Capital value	80,606	26	34,229	114,861
less Accumulated depreciation	19,187	13	1,511	20,711
	61,419	13	32,718	94,150
Work in Progress	2			2
Total Fixed Assets	\$75,874	\$94	\$35,722	\$111,690

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

7 INVESTMENTS IN SUBSIDIARIES

Taranaki Energy Limited (formerly known as Taranaki Energy Investments Limited) is a wholly owned subsidiary with paid up capital of \$100. Taranaki Energy Limited holds share investments and does not trade.

8 INVESTMENTS IN ASSOCIATES

- at cost
- equity share of profits

	1996 \$000	1995 \$000
	590	525
	37	-
	\$627	\$525

Shares in associate companies include Energy Brokers New Zealand Limited (36%) and Powerco Appliances Limited (50%).

9 INVESTMENTS**Investments**

- Energy Brokers New Zealand Limited (at cost)
- SOE Bonds
- NZ Government Stock
- Countrywide Bonds
- Trustpower Limited (at cost)
- Counties Investments Limited (at cost)
- Taranaki Bottled Gas Company Limited (at cost)
- CentralPower Limited (at cost)

	1996 \$000	1995 \$000
	-	60
	-	2,111
	-	3,653
	-	987
	1,780	1,682
	132	132
	55	55
	17,618	-
	\$19,585	\$8,680

The market value of the investment in CentralPower Limited as at 31 March 1996 is \$18,158,610 based on a share price of \$2.66 per share.

The market value of the investment in Trustpower Limited as at 31 March 1996 is \$3,244,428 based on a share price of \$1.98 per share.

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 1996

10 CASH

Cash on Hand
Bank Deposits
Short Term Deposits

1996 \$000	1995 \$000
5	5
189	6,465
-	8,275
\$194	\$14,745

11 ACCOUNTS RECEIVABLE

Accounts Receivable
Accrued Sales

1996 \$000	1995 \$000
14,280	15,583
7,839	5,730
\$22,119	\$21,313

12 INVENTORIES

Network stores
Trading stock

1996 \$000	1995 \$000
2,628	3,079
352	154
\$2,980	\$3,233

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

13 OPERATING REVENUE**Operating Revenue for the year ended
31 March 1996****Comprises:**Sales
Interest revenue
Dividend revenue

Line 1996 \$000	Energy 1996 \$000	Other 1996 \$000	Total 1996 \$000
48,305	46,682	26,427	121,414
616	596	338	1,550
-	-	34	34
48,921	47,278	26,799	122,998

**Operating Revenue for the year ended
31 March 1995****Comprises:**Sales
Interest revenue
Dividend revenue

Line 1995 \$000	Energy 1995 \$000	Other 1995 \$000	Total 1995 \$000
50,028	53,244	19,112	122,384
926	321	42	1,289
18	10	4	32
50,972	53,575	19,158	123,705

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 1996

14 OPERATING SURPLUS BEFORE TAXATION

	Line 1996 \$000	Energy 1996 \$000	Other 1996 \$000	Total 1996 \$000
Operating Surplus Before Taxation for the year ended 31 March 1996	11,567	(1,149)	6,067	16,485
After Charging				
Energy purchases and transmission	17,793	43,468	1,060	62,321
Repairs and maintenance costs	2,407	-	948	3,355
Personnel costs	7,042	119	2,148	9,309
Provision for loss on sale of investment	-	-	100	100
Depreciation	4,247	5	1,024	5,276
Interest expense	736	11	323	1,070
Goodwill	-	-	957	957
Rental and operating lease costs	275	185	129	589
Other	4,854	4,639	14,043	23,536

	Line 1995 \$000	Energy 1995 \$000	Other 1995 \$000	Total 1995 \$000
Operating Surplus Before Taxation for the year ended 31 March 1995	11,786	654	3,516	15,956
After Charging				
Energy purchases and transmission	17,543	40,099	9,991	67,633
Repairs and maintenance costs	3,039	-	1,098	4,137
Personnel costs	7,210	122	2,200	9,532
Depreciation	3,671	-	1,420	5,091
Goodwill	-	-	239	239
Rental and operating lease costs	307	8	104	419
Other	7,416	12,692	590	20,698

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

15 TAXATION**Taxation for the year ended
31 March 1996**

	Line 1996 \$000	Energy 1996 \$000	Other 1996 \$000	Total 1996 \$000
Operating surplus (deficit) before taxation	11,567	(1,149)	6,067	16,485
Prima facie taxation @ 33%	3,817	(379)	2,002	5,440
Plus/(less) tax effect of permanent timing differences:	(214)	21	216	23
Taxation expense (benefit)	\$3,603	(\$358)	\$2,218	\$5,463

**Taxation for the year ended
31 March 1995**

	Line 1995 \$000	Energy 1995 \$000	Other 1995 \$000	Total 1995 \$000
Operating surplus (deficit) before taxation	11,786	654	3,516	15,956
Prima facie taxation @ 33%	3,889	216	1,161	5,266
Plus/(less) tax effect of permanent timing differences:	(158)	(4)	(18)	(180)
Taxation expense (benefit)	\$3,731	\$212	\$1,143	\$5,086

Imputation Credit Account**Balance as at 31 March 1995**

Imputation credits attached to dividends received during the year:

Imputation credits attached to dividends paid during the year:

Income tax payments made during the year

Balance as at 31 March 1996

	1996 \$000	1995 \$000
Balance as at 31 March 1995	-	2,863
Imputation credits attached to dividends received during the year:	295	(434)
Imputation credits attached to dividends paid during the year:	-	(1,689)
Income tax payments made during the year	5,261	5,713
Balance as at 31 March 1996	\$5,556	\$6,453

Imputation credit account balances as at 30 September 1995 of Powerco Limited, and Taranaki Energy Limited were lost on the amalgamation of the two companies due to the inability to satisfy the continuity threshold as per Sections ME 29(1) and ME 5(1)(i) of the Income Tax Act 1994.

Deferred Tax Contingent Liability

Deferred tax liabilities are not provided for if there is a reasonable probability that the deferred tax liability will not crystallise in the foreseeable future. The tax effect of timing differences which have not been provided for in the deferred tax account amount of \$1,527,622. There are no income tax losses carried forward.

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

16 COMPANY AMALGAMATION

On 1 October 1995 Taranaki Energy Limited was amalgamated into Powerco Limited.

The value of assets and liabilities transferred from Taranaki Energy Limited at amalgamation date were:

	\$000
Fixed Assets and Investments	89,743
Current Assets	
Inventory	1,886
Accounts Receivable	14,853
Current Liabilities	
Short Term Debt	(14,382)
Accounts Payable	(7,903)
Tax Payable	(1,881)
Net Assets Transferred	<u>\$82,316</u>

These net assets with a book value of \$82.316 million were transferred on amalgamation using the pooling of assets method. The business valuation of Taranaki Energy Limited for amalgamation purposes amounted to \$118 million for which 30,557,315 ordinary shares of Powerco were issued as consideration.

17 AUDITORS REMUNERATION

Amounts paid or payable to the auditors for:

Auditing financial statements
Other services

	1996 \$000	1995 \$000
Auditing financial statements	124	27
Other services	52	-
	<u>\$176</u>	<u>\$27</u>

18 DIRECTORS REMUNERATION

Remuneration paid to directors
Retirement allowances

	1996 \$000	1995 \$000
Remuneration paid to directors	232	132
Retirement allowances	22	-
	<u>\$254</u>	<u>\$132</u>

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 1996

19 ASSOCIATE COMPANIES

Share of operating surplus of associate companies before taxation	
Taxation	
Share of retained profits of associate companies	

1996	1995
\$000	\$000
87	-
(50)	-
\$37	-

20 DIVIDENDS

Interim distributions:	
-Dividends paid	
on ordinary shares	
on cumulative preference shares	
Proposed distributions:	
-Proposed dividend	
on ordinary shares	
on cumulative preference shares	

1996	1995
\$000	\$000
7,265	5,064
-	-
9,643	-
-	-
\$16,908	\$5,064

**21 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO
REGULATION 13 AND PART II OF THE FIRST SCHEDULE OF THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994**

Financial Performance Measures

(i) Accounting Return on Total Assets	
(ii) Accounting Return on Equity	
(iii) Accounting Rate of Profit	

1996	1995
6.58%	5.49%
4.63%	3.75%
4.92%	3.71%

Efficiency Performance Measures

(iv) Direct Line Cost per Kilometre	
(v) Indirect Line Cost per Electricity Customer	

\$1,232.54	\$996.80
\$91.04	\$164.97

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

22 CONTINGENT LIABILITIES AND COMMITMENTS

There are no material contingent liabilities as at balance date.

There are no capital commitments as at balance date. However in the ordinary course of business the company has entered into a gas supply contract which commits it to an annual expenditure for a minimum of 7 years of approximately \$800,000 per annum.

23 TRANSACTIONS WITH RELATED PARTIES

Powerco paid legal fees to Horsley Christie, a firm in which Mr D H Brown, a director, has an interest, and to Rudd Watts & Stone, a firm in which Mr J S Auld, a director has an interest. The fees were charged on normal terms and conditions and account for 52% and 2% respectively of total group legal fees.

During the year Powerco paid financial consultancy fees to Doyle Gilbert & Company, a firm in which Mr R I Gilbert, a director has an interest. The fees were charged on normal terms and conditions and constitute 3% of consultancy costs

All directors are energy customers of Powerco under normal terms and conditions of supply.

Powerco is also deemed to have a related party relationship with New Plymouth District Council, being a 45% shareholder in Powerco. Powerco paid \$407,198 rent to the New Plymouth District Council at market rate. Powerco also supplies energy to the New Plymouth District Council under normal terms and conditions, the value of sales being 0.9 % of total sales. Rates have been paid to New Plymouth District Council to the value of \$60,534.

Powerco also has related party transactions with its associate companies, Energy Brokers New Zealand Limited, and Powerco Appliances Limited.

The Chief Executive of Powerco Limited is a director of Energy Brokers New Zealand Limited.

27.4% of electricity purchases by Powerco were purchased from Energy Brokers New Zealand Limited. At balance date the amount owing to Energy Brokers New Zealand Limited by Powerco was \$1,484,630. Powerco supplies metering assemblies to Energy Brokers for which it charges a market rate.

Powerco Appliances Limited pays rent at market rate to Powerco, a total rent paid for the period under review amounted to \$162,000. Powerco also acted as the financing company for Powerco Appliance Limited's hire purchase sales. The value of hire purchases financed by Powerco as at 31 March 1996 was \$2.02 million.

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1996

24

Operating lease obligations payable after balance date on non-cancellable leases are as follows:

	1996 \$000
Within one year	492
Between 1-2 years	492
Between 2-5 years	380
	<u>\$1,364</u>

25

	1996
Continuing Employees	
\$100,000 - \$110,000	3
\$110,000 - \$120,000	2
\$120,000 - \$130,000	1
\$210,000 - \$220,000	1
Retired Employees	
\$110,000 - \$120,000	1
\$240,000 - \$250,000	1

Retired employee payments include redundancy and gratuity payments

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 March 1996

26

In accordance with section 26 of the Securities Amendment Act 1988, major shareholders in Powerco Limited are listed:

	Shares held	%
1 The New Plymouth District Council	23,455,795	45.00%
2 Taranaki Electricity Trust	7,101,520	13.62%
3 NZCSD Limited	3,293,951	6.32%
4 Infratil Investments Limited	2,643,885	5.07%
5 Powerco Community Trust Incorporated	2,243,015	4.30%
6 Hong Kong Bank Nominees (NZ) Limited	1,800,000	3.45%
7 Westpac Nominees NZ Limited	1,687,920	3.24%
8 Powerco Trustees Limited	238,800	0.46%
9 Pamela Margaret Jean Williams	155,391	0.30%
10 Whanganui Power Investments Limited	118,052	0.23%
	42,738,329	81.99%

27 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO REGULATION 15 AND PART III OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

27.1

(a) Load Factor	60.29%
(b) Loss Ratio	6.48%
(c) Capacity Utilisation	28.99%

27.2 (a) System Length

Nominal Voltage	Total System Length (km)
33kV	411.84
22kV	114.10
11kV	3776.73
6.6kV	986.44
230/400V	2072.18
Total	7361.29

(b) Overhead Line Length

Nominal Voltage	O/H Line Length (km)
33kV	402.29
22kV	113.91
11kV	3615.57
6.6kV	969.34
230/400V	1709.21
Total	6810.32

(c) Underground Line Length

Nominal Voltage	U/G Line Length (km)
33kV	9.55
22kV	0.19
11kV	161.16
6.6kV	17.10
230/400V	362.97
Total	550.97

(d) Transformer Capacity (kVA)	629,659
(e) Maximum Demand (kW)	182,520
(f) Total Electricity Supplied From System (kWh)	864,631,066
(g) Total Electricity Conveyed Through System On Behalf Of Other Electricity Retailers (kWh)	39,360,065
(h) Total Customers	72,407

28 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO REGULATION 16 AND PART IV OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

28.1 Total Number Of Interruptions

Interruption Class	Description	Number of Interruptions
Class A	Transpower Planned	4.00
Class B	Distributor Planned	397.00
Class C	Distributor Unplanned	670.00
Class D	Transpower Unplanned	17.00
Class E	ECNZ Unplanned	0.00
Class F	Other Generator Unplanned	0.00
Class G	Other (Not in A to F)	0.00

28.2 Total Number Of Faults Per 100km Of Prescribed Voltage Line

12.932

28.3 Total Number Of Faults Per 100km Of Prescribed Voltage Underground Line

Nominal Voltage	Number of Faults/100km
33kV	0.00
22kV	0.00
11kV	6.21
6.6kV	0.00
Total	5.32

28.4 Total Number Of Faults Per 100km Of Prescribed Voltage Overhead Line

Nominal Voltage	Number of Faults/100km
33kV	5.47
22kV	15.80
11kV	15.13
6.6kV	8.98
Total	13.21

28.5 - 28.6 SAIDI

Interruption Class	Description	SAIDI
Class A	Transpower Planned	32.16
Class B	Distributor Planned	65.36
Class C	Distributor Unplanned	76.29
Class D	Transpower Unplanned	15.28
Class E	ECNZ Unplanned	0.00
Class F	Other Generator Unplanned	0.00
Class G	Other (Not in A to F)	0.00
Total		189.09

28.7 - 28.8 SAIFI

Interruption Class	Description	SAIFI
Class A	Transpower Planned	0.134
Class B	Distributor Planned	0.429
Class C	Distributor Unplanned	1.679
Class D	Transpower Unplanned	0.567
Class E	ECNZ Unplanned	0.000
Class F	Other Generator Unplanned	0.000
Class G	Other (Not in A to F)	0.000
Total		2.809

28.9 - 28.10 CAIDI

Interruption Class	Description	CAIDI
Class A	Transpower Planned	240.00
Class B	Distributor Planned	152.23
Class C	Distributor Unplanned	45.44
Class D	Transpower Unplanned	26.94
Class E	ECNZ Unplanned	0.00
Class F	Other Generator Unplanned	0.00
Class G	Other (Not in A to F)	0.00
Total		67.31



