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# New Zealand Gazette

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OF THURSDAY, 5 SEPTEMBER 1996

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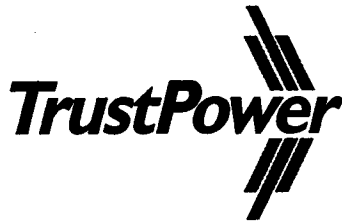
WELLINGTON: MONDAY, 9 SEPTEMBER 1996 — ISSUE NO. 111

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**TRUSTPOWER LIMITED**

**INFORMATION FOR DISCLOSURE**

**PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994**



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

I, FRANCIS NORMAN McMASTER, of 20 Tay Street, Mt Maunganui, being a Director of TRUSTPOWER LIMITED, solemnly and sincerely 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.

.....  
Declared at *Mount Maunganui* this *19* day of *August* 1996.

.....  
*[Signature]*  
Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration).

**TRUSTPOWER LIMITED**  
Truman Lane  
Te Maunga  
Mt Maunganui  
Postal Address:  
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Ph: 07 574 4800  
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CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER

We, FRANCIS NORMAN McMASTER and PATRICK JOSEPH BROWN of TRUSTPOWER LIMITED certify that having made all reasonable enquiry, to the best of our knowledge:

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

The valuations on which those financial performance measures are based are as at 1 April 1993, 1 April 1994 and 1 April 1995.

Director [Signature]
Date 19-8-96

Director [Signature]
Date 16/8/96

TRUSTPOWER LIMITED
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**TRUSTPOWER LIMITED AND SUBSIDIARIES****STATEMENTS OF FINANCIAL PERFORMANCE****FOR THE 12 MONTHS ENDING 31/3/96**

	NOTE	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>CONTINUING ACTIVITIES</b>				
TOTAL REVENUE	2	61,074	61,909	17,176
OPERATING SURPLUS BEFORE INCOME TAX	3	9,496	1,462	9,058
INCOME TAX EXPENSE	4	2,862	449	2,687
OPERATING SURPLUS AFTER INCOME TAX		6,634	1,013	6,371
MINORITY INTERESTS IN THE SURPLUS OF SUBSIDIARY COMPANIES		577	71	643
OPERATING SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS		6,057	942	5,728
RETAINED EARNINGS AT THE BEGINNING OF THE PERIOD		11,264	788	11,760
		17,321	1,730	17,488
DIVIDENDS	5	(3,483)	(431)	(3,885)
RETAINED EARNINGS AT THE END OF THE PERIOD		13,838	1,299	13,603

**THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS**

**TRUSTPOWER LIMITED AND SUBSIDIARIES****STATEMENTS OF FINANCIAL POSITION****AS AT 31 MARCH 1996**

	NOTE	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>SHAREHOLDERS EQUITY</b>				
SHARE CAPITAL	6	32,593	1,589	27,792
RESERVES	7	11,000	537	9,380
RETAINED EARNINGS		13,838	1,299	13,603
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>57,431</b>	<b>3,425</b>	<b>50,775</b>
<b>CONVERTIBLE NOTES</b>	<b>8</b>	<b>22,111</b>	<b>454</b>	<b>17,049</b>
<b>TOTAL CORPORATE OWNERSHIP</b>		<b>79,542</b>	<b>3,879</b>	<b>67,824</b>
REPRESENTED BY:				
<b>CURRENT ASSETS</b>	<b>9</b>	<b>12,284</b>	<b>9,645</b>	<b>780</b>
<b>NON CURRENT ASSETS</b>				
INVESTMENTS	10	75	3	27,187
FIXED ASSETS	11	106,977	2,196	82,487
GOODWILL		9,106	1,092	8,013
<b>TOTAL ASSETS</b>		<b>128,442</b>	<b>12,936</b>	<b>118,467</b>
<b>CURRENT LIABILITIES</b>	<b>12</b>	<b>6,738</b>	<b>8,193</b>	<b>2,639</b>
<b>NON-CURRENT LIABILITIES</b>	<b>13</b>	<b>42,162</b>	<b>864</b>	<b>48,004</b>
<b>TOTAL LIABILITIES</b>		<b>48,900</b>	<b>9,057</b>	<b>50,643</b>
<b>NET ASSETS</b>		<b>79,542</b>	<b>3,879</b>	<b>67,824</b>

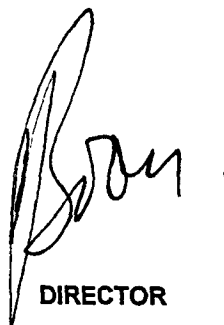
**THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS**

ON BEHALF OF THE BOARD

DATED 13 AUGUST 1996



DIRECTOR



DIRECTOR

**TRUSTPOWER LIMITED****Notes to the Financial Statements****For the 12 months ended 31 March 1996****Note 1: Statement of Accounting Policies**

The financial statements presented here are for the line business, energy business and generation business for the reporting entity TrustPower Limited. On 31 March 1996 the operating subsidiaries Taupo Electricity Ltd, Taupo Generation Ltd and Rotorua Electricity Ltd were amalgamated into the holding company using the short form method.

The financial statements have been prepared in accordance with the regulation 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994.

The financial statements have been prepared on the basis of historical cost with the following specific accounting policies:

**(a) Accounting for Acquisitions**

The holding in Rotorua Electricity Ltd increased throughout the period from 67.7% at 31 March 1995 to 100% by 12 March 1996 when compulsory acquisition of the remaining shareholding took place. The minority interest recorded in the Statements of Financial Performance represent the minority interest in the result. These minority interests were subsequently purchased by the holding company.

Taupo Electricity Ltd and Taupo Generation Ltd were purchased on 6 September 1995. In accordance with Regulation 20 of the Electricity (Information Disclosure ) Regulations 1994, Amendment No 1 their results have been included as if the acquisition had taken effect at the beginning of the year. Accordingly opening balances have been adjusted and do not agree to the closing balances disclosed in TrustPower Limited's Electricity Disclosure financial statements for the year ended 31 March 1995.

Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the holding company.

**(b) Goodwill**

Goodwill, representing the excess of the cost of shares in a subsidiary over the fair value of the net assets acquired at the date of acquisition, is shown as an intangible asset. Goodwill is amortised on a straight line basis over the period of expected benefit. This period has been assessed as 20 years from the date of acquisition. The carrying amount of goodwill is reviewed annually by the directors and adjusted where it is considered necessary.

**(c) Goods & Services Tax (GST)**

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables which include GST invoiced.

**(d) Fixed Assets**

All fixed assets are stated at cost to the group less accumulated depreciation where applicable.

Costs for internally constructed assets comprise direct labour, materials and a proportion of production overheads based on a normal level of activity.

**(e) Depreciation**

Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to allocate the assets cost over their estimated useful life.

Depreciation is charged as follows:

Dams, Headworks & Canals	1% straight line	
Reticulation Network	3-5.5% straight line	
Buildings	1-2.5% straight line	
Plant & Equipment and Motor Vehicles	20% diminishing value or 5.5-7%	straight line

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

**(f) Investments**

Investments are stated at cost.

The accounting treatment of the investment in the Tauranga Joint Generation Committee trading as Kaimai Hydropower is detailed in Note 10.

**(g) Revenue Recognition**

Revenues from electricity sales include an accrual for units sold but not billed at balance date.

**(h) Income Tax**

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

Tax effect accounting has been applied on a comprehensive basis to all timing differences.

**(i) Receivables**

Receivables are stated at their estimated realisable value after adequate provision for doubtful debts.

**(j) Inventories and Work in Progress**

Inventories are valued at the lower of weighted average cost or net realisable value.

Work in progress is valued at cost comprising direct labour, materials and a proportion of production overheads based on a normal level of activity.

**(k) Foreign Currencies**

There were no material foreign currency transactions during the period or outstanding foreign currency balances at balance date.

**(l) Financial Instruments****Interest Rate Risk**

The company has various financial instruments to reduce exposure to fluctuations in interest rates. Any resulting differential to be paid or received is accrued as interest rates change and is recognised as a component of operating revenue or expense.

**Credit Risk**

The company minimises its credit risk by limiting transactions to counterparties with high credit ratings and limiting the amount of funds placed with any parties at one time.

**Collateral**

The company does not require collateral or other security to support financial instruments with credit risk.



While the company may be subject to credit losses up to the notional principal or contract amounts in the event of non-performance by its counterparties, it does not expect such losses to occur.

Concentration of Credit Risk

The company does not have any significant concentrations of credit risk.

Cash and short term investments are placed with high credit quality financial institutions and limits are applied to the amount of credit exposure to any one financial institution.

Trade receivables credit risk is limited due to the large number of customers included in the company's customer base.

**(m) Changes in Accounting Policies**

There have been no changes in the accounting policies.

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>NOTE 2 : TOTAL REVENUE FROM CONTINUING ACTIVITIES</b>			
SALES	60,824	61,833	15,350
INTEREST RECEIVED	250	76	1,826
	<b>61,074</b>	<b>61,909</b>	<b>17,176</b>

**NOTE 3 : OPERATING SURPLUS BEFORE  
INCOME TAX**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>THE OPERATING SURPLUS BEFORE TAX IS STATED AFTER CHARGING/(CREDITING):</b>			
AMORTISATION OF GOODWILL	275	33	242
AUDIT FEES AND EXPENSES	37	33	4
OTHER SERVICES PROVIDED BY THE AUDITORS	81	72	8
BAD DEDTS WRITTEN OFF	52	52	-
CHANGE IN PROVISION FOR DOUBTFUL DEBTS	73	73	-
DEPRECIATION	6,516	297	1,638
DIRECTORS RENUMERATION	132	119	13
INTEREST PAID ON LOANS	2,630	54	3,592
INTEREST PAID ON CONVERTIBLE NOTES	1,754	36	1,353
RENTAL AND OPERATING LEASE COSTS	162	64	5
<b>NON-RECURRING ITEMS:</b>			
RESTRUCTURING	1,239	465	-
PROFIT ON SALE OF FIXED ASSETS	(37)	(4)	-

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>NOTE 4 :INCOME TAX</b>			
<b>(i)INCOME TAX</b>			
OPERATING SURPLUS BEFORE TAXATION	9,496	1,462	9,058
TAX ON OPERATING SURPLUS AT 33%	3,134	482	2,989
TAX EFFECT OF PERMANENT DIFFERENCES	(238)	(30)	(265)
INCOME TAX	2,896	452	2,724
ADJUSTMENTS FROM PREVIOUS PERIODS	(34)	(3)	(37)
TOTAL INCOME TAX	2,862	449	2,687
REPRESENTED BY:			
CURRENT TAX	2,463	400	2,242
DEFERRED TAX	399	49	445
	2,862	449	2,687

<b>(ii)PROVISION FOR TAX</b>			
BALANCE AT BEGINNING OF PERIOD	(163)	(25)	(155)
CURRENT TAX TRUSTPOWER	2,463	400	2,242
TAX PAID	(2,722)	(427)	(2,557)
BALANCE AT END OF PERIOD	(422)	(52)	(470)

<b>(iii)DEFERRED TAX LIABILITY</b>			
BALANCE AT BEGINNING OF PERIOD	(415)	(51)	(463)
CURRENT PERIOD TIMING DIFFERENCES	399	49	445
BALANCE AT END OF PERIOD	(16)	(2)	(18)

<b>(iv)IMPUTATION CREDIT MEMORANDUM ACCOUNT</b>			
BALANCE AT BEGINNING OF PERIOD	1,214	187	1,158
TAX PAID (TRUSTPOWER)	2,258	348	2,154
DIVIDENDS ALLOCATED	(1,575)	(243)	(1,503)
OTHER CREDITS	77	12	74
BALANCE AT END OF PERIOD	1,974	304	1,883

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>NOTE 5 :DIVIDENDS</b>			
DIVIDENDS ON ORDINARY SHARES			
INTERIM DIVIDEND PAID	1,770	219	1,975
FINAL DIVIDEND PROPOSED	1,713	212	1,910
	3,483	431	3,885

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>NOTE 6 :SHARE CAPITAL</b>			
<b>(i)AUTHORISED SHARE CAPITAL</b>			
300,000,000 ORDINARY SHARES OF \$0.50	78,887	3,847	67,266
384,800 REDEEMABLE PREFERENCE SHARES OF \$0.01	2		2
	<b>78,889</b>	<b>3,847</b>	<b>67,268</b>

**(ii)ISSUED AND PAID UP SHARE CAPITAL**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>ORDINARY \$0.50 SHARES</b>			
BALANCE AT BEGINNING OF PERIOD			
107,344,410 ISSUED SHARES	28,227	1,376	24,069
ISSUE OF FULLY PAID UP SHARES	4,364	213	3,721
BALANCE AT END OF PERIOD	<b>32,591</b>	<b>1,589</b>	<b>27,790</b>
123,942,074 ISSUED SHARES			
<b>REDEEMABLE PREFERENCE \$0.01 SHARES</b>			
BALANCE AT BEGINNING OF PERIOD			
300,100 ISSUED SHARES	1	-	1
ISSUE OF FULLY PAID UP SHARES	1	-	1
BALANCE AT END OF PERIOD	<b>2</b>	<b>-</b>	<b>2</b>
360,040 ISSUED SHARES			
<b>TOTAL ISSUED AND PAID UP CAPITAL</b>	<b>32,593</b>	<b>1,589</b>	<b>27,792</b>

**NOTE 7 :RESERVES**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
<b>SHARE PREMIUM RESERVE</b>			
BALANCE AT BEGINNING OF PERIOD	4,439	216	3,785
PREMIUM ON SHARES ISSUED (REFER NOTE 6 (ii)(b to e))	6,561	321	5,595
BALANCE AT END OF PERIOD	<b>11,000</b>	<b>537</b>	<b>9,380</b>

**NOTE 8 :CONVERTIBLE NOTES**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
BALANCE AT BEGINNING OF PERIOD			
30,018,852 CONVERTIBLE NOTES	18,431	378	14,212
CONVERTIBLE NOTES ISSUED PURSUANT TO THE EXERCISE OF THE OPTIONS	3,680	76	2,837
BALANCE AT END OF PERIOD	<b>22,111</b>	<b>454</b>	<b>17,049</b>
36,012,852 CONVERTIBLE NOTES			

**NOTE 9 :CURRENT ASSETS**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
CASH AND SHORT TERM DEPOSITS	275	34	308
TRADE RECEIVABLES	7,819	7,569	
LESS PROVISION FOR DOUBTFUL DEBTS	(216)	(210)	
PREPAYMENTS AND OTHER RECEIVABLES	2,952	2,200	4
PROVISION FOR TAXATION	422	52	470
INVENTORIES - PARTS	1,032		
	<b>12,284</b>	<b>9,645</b>	<b>780</b>

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996****NOTE 10 :INVESTMENTS**

KAIMAI HYDROPOWER IS A PARTNERSHIP OPERATED AND OWNED BY TRUSTPOWER LIMITED AND THE TAURANGA DISTRICT COUNCIL. EACH PARTNER HOLDS A 50% INTEREST IN THE ASSETS OF KAIMAI HYDROPOWER. HOWEVER ANY GENERATION SURPLUS IS REBATED ON THE BASIS OF EACH PARTNERS ANNUAL ENERGY PURCHASES. TRUSTPOWER'S SHARE IN THE YEAR TO 31 MARCH 1996 WAS 80.51% (1995 78.4%). ACCORDINGLY THE INVESTMENT IS NOT CONSOLIDATED.

TRUSTPOWER'S SHARE OF THE GENERATION SURPLUS IS TAKEN UP AS SALES BY THE GENERATION DIVISION AS WELL AS THE COST OF THE INVESTMENT AND FINANCING THEREOF.

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
OWNERSHIP IN KAIMAI HYDROPOWER			27,129
SHARES IN OTHER COMPANIES	75	3	58
	75	3	27,187

**(iii) OWNERSHIP IN KAIMAI HYDROPOWER**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
LOAN LIABILITY			15,500
CORPORATE OWNERSHIP			11,629
	-	-	27,129

KAIMAI HYDROPOWER:  
TOTAL ASSETS

57,558

NET PROFIT/(LOSS) FOR PERIOD

-

AN APPLICATION HAS BEEN MADE TO THE HIGH COURT BY THE TAURANGA DISTRICT COUNCIL A PARTNER IN KAIMAI HYDROPOWER FOR A DECLARATORY JUDGEMENT IN RESPECT OF THE DEED THAT GOVERNS THE OPERATION OF THE SCHEME. IT IS NOT BELIEVED THAT THE OUTCOME OF THE CASE WILL RESULT IN ANY MATERIAL CHANGE IN THE RIGHTS AND OBLIGATIONS OF TRUSTPOWER LIMITED UNDER THE DEED.

THE TAURANGA DISTRICT COUNCIL'S REPRESENTATIVES HAVE HOWEVER REFUSED TO SIGN THE FINANCIAL STATEMENTS OF KAIMAI HYDROPOWER AND THEREFORE THE PARTNERSHIP'S AUDITORS HAVE BEEN UNABLE TO ISSUE AN AUDIT OPINION. THE PARTNERSHIPS' AUDITORS HAVE INDICATED THAT IT IS ONLY THE LACK OF SIGNATURE ON THE BALANCE SHEET BY BOTH PARTNERS THAT PREVENTS THE ISSUE OF AN UNQUALIFIED AUDIT OPINION.

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996**

## NOTE 11 : FIXED ASSETS

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
FREEHOLD LAND	1,085	188	950
FREEHOLD BUILDINGS	5,496	913	3,894
ACCUMULATED DEPRECIATION	488	75	424
	5,008	838	3,470
GENERATION ASSETS			77,436
ACCUMULATED DEPRECIATION			2,380
	-	-	75,056
RETICULATION NETWORK	139,740		
ACCUMULATED DEPRECIATION	43,076		
	96,664	-	-
MOTOR VEHICLES	4,063	250	2
ACCUMULATED DEPRECIATION	2,684	104	0
	1,379	146	2
PLANT AND EQUIPMENT	6,733	2,218	3,712
ACCUMULATED DEPRECIATION	3,892	1,194	704
	2,841	1,024	3,008
TOTAL FIXED ASSETS	106,977	2,196	82,486

THE MOST RECENT GOVERNMENT VALUATION OF LAND AND BUILDINGS DATED 1 SEPTEMBER 1993, 1 SEPTEMBER 1994 AND 1 SEPTEMBER 1995 AMOUNTED TO \$7,830,000. THIS VALUATION DOES NOT INCLUDE BUILDINGS ASSOCIATED WITH GENERATION ASSETS THAT HAVE A BOOK VALUE OF \$3,392,000.

THE MOST RECENT OPTIMISED DEPRIVAL VALUATION OF THE GROUP'S RETICULATION NETWORK WAS COMPLETED BY COOPERS & LYBRAND, WORLEY CONSULTANTS, KPMG PEAT MARWICK AND KEISLAKE AND PARTNERS AS FOLLOWS:

	DATE	VALUATION \$'000
TAURANGA REGION	1 APRIL 1993	86,600
ROTORUA REGION	1 APRIL 1994	48,900
TAUPO REGION	1 APRIL 1995	28,800
		164,300

WHERE GENERATION ASSETS HAVE BEEN PURCHASED THEY ARE CARRIED AT THEIR FAIR VALUE AS ESTABLISHED BY INDEPENDENT VALUERS AT THE TIME OF ACQUISITION.

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996****NOTE 12 : CURRENT LIABILITIES**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
ACCOUNTS PAYABLE AND ACCRUALS	5,025	7,981	729
PROVISION FOR DIVIDEND	1,713	212	1,910
	6,738	8,193	2,639

**NOTE 13 : NON CURRENT LIABILITIES**

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
UNSECURED LOANS	42,178	866	48,022
DEFERRED TAXATION	(16)	(2)	(18)
	42,162	864	48,004

UNSECURED LOANS:  
REPAYMENT TERMS  
ONE TO TWO YEARS  
TWO TO FIVE YEARS

	-	-	-
	42,178	866	48,022

WEIGHTED AVERAGE INTEREST

	8.69%	8.69%	8.69%
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**NOTE 14 : FINANCIAL INSTRUMENTS**

IN THE NORMAL COURSE OF BUSINESS , THE COMPANY INCURS CREDIT RISK FROM TRADE RECEIVABLES AND TRANSACTIONS WITH FINANCIAL INSTITUTIONS.

THE COMPANY HAS A CREDIT POLICY TO MANAGE THE RISK FROM TRADE RECEIVABLES AND HAS A PROVISION FOR TRADE RECEIVABLES THAT ARE UNLIKELY TO BE COLLECTED. THE COMPANY ALSO REQUIRES A BOND FROM CUSTOMERS WHO DO NOT MEET CERTAIN CREDIT CRITERIA.

THE COMPANY DOES NOT HAVE ANY SIGNIFICANT CONCENTRATION OF CREDIT RISK. THE COMPANY DOES NOT REQUIRE ANY COLLATERAL OR SECURITY TO SUPPORT FINANCIAL INSTRUMENTS AS IT ONLY DEPOSITS WITH BANKS OR OTHER FINANCIAL INSTITUTIONS WITH HIGH CREDIT RATINGS. THE COMPANY FURTHER MINIMISES ITS CREDIT EXPOSURE BY LIMITING THE AMOUNT OF FUNDS PLACED WITH ANY ONE FINANCIAL INSTITUTION AT ANY ONE TIME.

THE DIRECTORS ESTIMATE THAT THE CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS IN THE BALANCE SHEET EQUAL THEIR FACE VALUE.

TRUSTPOWER LIMITED HAS ENTERED INTO A SERIES OF FORWARD RATE AND OPTION AGREEMENTS TO REDUCE THE IMPACT OF CHANGES IN INTEREST RATES ON ITS FLOATING RATE LOANS. THESE AGREEMENTS ARE TIMED TO MATURE AT THE TIME THE RELATED LOANS MATURE AND EFFECTIVELY FIX THE FLOATING RATE LOANS AS FOLLOWS:

LOAN \$'000	AGREEMENT EXPIRY	EFFECTIVE RATE
1,500	23-Dec-96	9.03%
6,000	27-Mar-97	9.20%
8,000	31-Mar-97	8.31%
8,000	24-May-97	9.82%
6,000	24-May-97	9.82%
14,000	27-May-97	9.15%
3,000	27-May-97	9.77%
2,000	10-Jul-97	9.72%
4,000	23-Dec-97	9.60%
8,000	31-Mar-98	8.10%
8,000	31-Mar-99	8.03%
8,000	31-Mar-00	7.90%
8,000	31-Mar-01	7.87%

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996****NOTE 15 : OPERATING LEASES**

ANALYSIS OF NON-CANCELLABLE  
OPERATING LEASE COMMITMENTS:  
NOT LATER THAN ONE YEAR 207  
BETWEEN ONE AND TWO YEARS 148  
BETWEEN TWO AND FIVE YEARS -  
LATER THAN FIVE YEARS -

LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
207	38	1
148	28	1
-	-	-
-	-	-
355	66	2

**NOTE 16 : CAPITAL COMMITMENTS**

ESTIMATED CAPITAL EXPENDITURE  
CONTRACTED FOR AT BALANCE DATE BUT  
NOT PROVIDED FOR :

LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
2,477	-	-

**NOTE 17 : CONTINGENT LIABILITIES**

THE FOLLOWING CONTINGENT LIABILITIES HAVE NOT BEEN PROVIDED FOR IN THE FINANCIAL STATEMENTS:

**(i) REDEMPTION OF CONVERTIBLE NOTES**

THE CONVERTIBLE NOTES ISSUED TO THE  
ROTORUA ENERGY CHARITABLE TRUST  
CAN BE REDEEMED AT A PREMIUM FOR  
CASH UNDER CERTAIN CIRCUMSTANCES.  
MAXIMUM CONTINGENT LIABILITY :

LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
8,040	165	6,199

**(ii) DECLARATORY JUDGEMENT**

AN APPLICATION HAS BEEN MADE TO THE HIGH COURT FOR A DECLARATORY JUDGEMENT IN RESPECT OF THE DEED THAT GOVERNS THE OPERATION OF THE KAIMAI HYDROPOWER SCHEME. IT IS NOT BELIEVED THAT THE OUTCOME OF THE CASE WILL RESULT IN ANY MATERIAL CHANGE TO THE RIGHTS AND OBLIGATIONS OF TRUSTPOWER LIMITED UNDER THE DEED.

**(iii) WAITANGI TRIBUNAL CLAIM**

THE WAIROA RIVER AND CATCHMENT AREA IN WHICH KAIMAI HYDROPOWER OPERATES AND THE RANGITAIKI AND WHEAO RIVERS IN WHICH THE WHEAO SCHEME OPERATES ARE THE SUBJECT OF A CLAIM AGAINST THE CROWN TO BE HEARD BY THE WAITANGI TRIBUNAL. THE LIKELY EFFECT OF THE OUTCOME OF THESE CLAIMS IS NOT ABLE TO BE QUANTIFIED.



**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996****NOTE 18 : RELATED PARTY TRANSACTIONS**

NO RELATED PARTY DEBTS WERE FORGIVEN OR WRITTEN OFF DURING THE PERIOD.

DURING THE PERIOD TO 31 MARCH 1996 MATERIAL TRANSACTIONS TOOK PLACE WITH THE FOLLOWING RELATED PARTIES:

TAURANGA JOINT GENERATION COMMITTEE (KAIMAI HYDROPOWER)

TRUSTPOWER LIMITED HAS A 50% INTEREST IN THE ASSETS OF THIS COMMITTEE WHICH TRADES AS KAIMAI HYDROPOWER. ANY GENERATION SURPLUS IS REBATED ON THE BASIS OF EACH PARTNER'S ANNUAL ENERGY PURCHASES AND IS RECOGNISED AS SALES FOR THE GENERATION DIVISION. FOR THE PERIOD ENDED 31 MARCH 1996 TRUSTPOWER LIMITED WAS ALLOCATED 80.51% ( 78.4% IN 1995) OF THE GENERATION SURPLUS.

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
TRANSACTIONS:			
PURCHASE OF ELECTRICITY		31,220	
PROVISION OF SERVICES		(119)	
INTEREST RECEIVED			(1,421)
REBATES RECEIVED			(5,167)
BALANCE OWING AT END OF PERIOD		(2,221)	

**NOTE 19 : SEGMENTAL REPORTING**

THE GROUP OPERATES WITHIN THE ELECTRICITY SUPPLY INDUSTRY .  
ALL OPERATIONS TAKE PLACE WITHIN NEW ZEALAND PREDOMINATELY IN THE BAY OF PLENTY.

**NOTE 20 : EMPLOYEE SHARE OWNERSHIP TRUST**

AN EMPLOYEE SHARE OWNERSHIP TRUST WAS ESTABLISHED BY THE ENERGY COMPANIES (TRUSTPOWER LIMITED) VESTING ORDER 1993.

ALL EMPLOYEES WHO HAVE BEEN WITH THE COMPANY AT LEAST SIX MONTHS HAVE EQUAL ENTITLEMENT TO PARTICIPATE. ISSUES ARE MADE PERIODICALLY AT A DISCOUNTED PRICE SET AT THE DISCRETION OF THE TRUSTEES BY REFERENCE TO THE MARKET. THE TRUSTEES ARE ONE DIRECTOR (A.L.CARPENTER), THE CHIEF EXECUTIVE (J.K.WILLIAMS) AND AN ELECTED STAFF REPRESENTATIVE (T.M.THORN)

THE TRUSTEES HAVE NON-BENEFICIAL CONTROL OF THE SHARES NOT YET ALLOCATED. THE TRUSTEES ARE ENTITLED TO EXERCISE THE VOTING RIGHTS OF UNALLOCATED SHARES.  
NO FINANCIAL SUPPORT IS PROVIDED TO THE TRUST BY THE COMPANY.

THE EMPLOYEE SHARE OWNERSHIP TRUST HELD THE FOLLOWING ORDINARY SHARES AT THE END OF THE PERIOD:

	LINE BUSINESS \$'000	ENERGY BUSINESS \$'000	GENERATION BUSINESS \$'000
	SHARES	SHARES	SHARES
NOT YET ALLOCATED FULLY PAID UP ORDINARY SHARES	445,749	21,739	380,087
PERCENTAGE OF ORDINARY SHARES	0.36%	0.017%	0.30%

ALL SHARES HELD BY THE PLAN CARRY FULL VOTING RIGHTS.

**TRUSTPOWER LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE 12 MONTHS ENDED 31 MARCH 1996****NOTE 21: METHODOLOGIES FOR ALLOCATING COSTS, REVENUES, ASSETS AND LIABILITIES**

THE ELECTRICITY INFORMATION DISCLOSURE GUIDELINES HAVE BEEN FOLLOWED EXCEPT AS SET OUT BELOW:

**BANK ADVANCES AND SHORT TERM INVESTMENTS:**  
ALLOCATION BASED ON NET INCOME AFTER TAXATION

**CONVERTIBLE NOTES AND TERM LIABILITIES**  
ALLOCATED BASED ON FIXED ASSETS

**EDP EXPENSES**  
ALLOCATED ON NUMBER OF COMPUTERS PER DIVISION

**DEPRECIATION**  
COMPUTERS - ALLOCATED ON NUMBER OF COMPUTERS

**INTEREST EXPENSE**  
ALLOCATED BASED ON FIXED ASSETS

**TRUSTPOWER LIMITED AND SUBSIDIARIES****INFORMATION DISCLOSURE LINE OWNERS****FOR THE 12 MONTHS ENDED 31 MARCH 1996**

The 1995 comparative figures represent TrustPower Limited only and exclude Taupo Electricity Limited and Rotorua Electricity Limited.

The 1995 comparative figures for direct line costs per km differ from that previously reported, due to a change in interpretation of the definitions involved, following receipt of advice from the Ministry of Commerce.

REG # 1ST SCH  
Part

13(1) 11

<b><u>Financial Performance Measures</u></b>		1996	1995
1(a)	Accounting Return on Total Assets	9.68%	7.67%
1(b)	Accounting Return on Equity	5.65%	5.39%
1(c)	Accounting Rate of Profit	7.55%	5.53%

**Efficiency Performance measures:**

2(a)	Direct Line Costs per Km	\$ 1,489.29	\$ 1,798.85
2(b)	Indirect Line Costs per Electricity Customer	\$ 139.16	\$ 94.86

The 1996 indirect line costs includes amortisation of goodwill and other abnormal expenditure

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**Energy Delivery Efficiency Performance Measures:**

1(a)	Load Factor	59.4%	52.50%
1(b)	Loss Ratio	6.1%	6.15%
1(c)	Capacity Utilisation	31.9%	34.27%

**Statistics:**

		1996	Km	1995	Km
2(a)	System Length	Total	5,543	Total	2,597
		400v	1,758	400v	799
		11kv	3,500	11kv	1,654
		33kv	285	33kv	144
2(b)	Circuit Length of Overhead Electric Lines	Total	4,273	Total	1,818
		400v	969	400v	338
		11kv	3,030	11kv	1,338
		33kv	274	33kv	142
2(c)	Circuit Length of Underground Electric Lines	Total	1,270	Total	779
		400v	790	400v	461
		11kv	470	11kv	316
		33kv	11	33kv	2
2(d)	Transformer Capacity(kva)	704,487	307,973		
2(e)	Maximum Demand(kw)	224,913	105,545		
2(f)	Total Electricity Supplied From the System (kwh)	1,102,147,000	455,877,628		
2(g)	Total Electricity Conveyed through the System on behalf of others (kwh)	6,500,000	5,500,000		
2(h)	Total Customers	86,866	47,759		

**TRUSTPOWER LIMITED AND SUBSIDIARIES****INFORMATION DISCLOSURE LINE OWNERS****FOR THE 12 MONTHS ENDED 31 MARCH 1996**

REG #	1ST SCH	<b><u>Reliability Performance Measures:</u></b>		1996	1995
16(1)	Part IV				
1	Total Number of Interruptions				
		Class B		187	247
		Class C		265	144
		Class D		8	0
		All Other Classes		0	0
		<b>Total</b>		<b>460</b>	<b>391</b>
2	Total number of faults per 100 Km of prescribed voltage electric Line			7.48	21.75
3	Total number of faults per 100 Km of underground prescribed voltage electric line by nominal line voltage.			1996	1995
		Total		7.70	3.15
		33Kv		0	0
		11Kv		7.88	3.16
4	Total number of faults per 100 Km of overhead prescribed voltage electric line by nominal line voltage			1996	1995
		Total		6.90	25.84
		33Kv		2.34	12.68
		11Kv		7.16	8.67
5	SAIDI for total number of interruptions			192.94	302.71
6	SAIDI for total number of interruptions within each interruption class.			1996	1995
		Class B		36.87	136.87
		Class C		138.83	165.84
		Class D		17.24	0
7	SAIFI for total number of interruptions			3.015	3.34
8	SAIFI for total number of interruptions within each interruption class.			1996	1995
		Class B		0.212	0.76
		Class C		2.42	2.58
		Class D		0.38	0
9	CAIDI for total of all interruptions			63.98	90.67
10	CAIDI for total of all interruptions within each interruption class.			1996	1995
		Class B		173.89	180.61
		Class C		57.36	64.26
		Class D		45.02	0

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*Price Waterhouse*



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

We have examined the attached financial statements prepared by TrustPower 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.

A stylized, cursive handwritten signature in black ink that reads "Price Waterhouse".

Price Waterhouse  
14 August 1996

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*Price Waterhouse*



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

We have examined the following valuation reports which contain valuations of reticulation systems of the lines business of TrustPower Limited:

<b>Business Region</b>	<b>Valuer</b>	<b>Date</b>
Tauranga Region	Coopers & Lybrand and Worley Consultants	1 April 1993
Rotorua Region	Coopers & Lybrand and Worley Consultants	1 April 1994
Taupo Region	KPMG Peat Marwick and Kerslake and Partners	1 April 1995

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations of the reticulation systems contained in the reports have 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.

Price Waterhouse  
14 August 1996

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### 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 TrustPower 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.

Price Waterhouse  
14 August 1996



