



New Zealand Gazette

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CENTRAL ELECTRIC LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

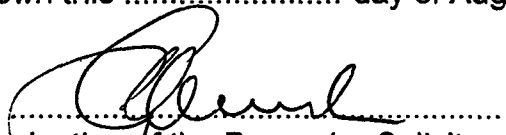
CENTRAL ELECTRIC LIMITED**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND
INFORMATION SUPPLIED TO SECRETARY OF COMMERCE**

I Maxwell Robert Naylor....., of Queenstown..... being
a Director of Central Electric Ltd, solemnly declare that having made all
reasonable enquiry, to the best of my knowledge, the information attached to
this declaration is a true copy of information made available to the public
pursuant to the Electricity (Information Disclosure) Regulations 1994.

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

M. Naylor.....

Declared at Queenstown this 9th..... day of August 1996.


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

Graeme Keith Marshall
Solicitor
Queenstown

CENTRAL ELECTRIC LIMITED**CERTIFICATION TO FINANCIAL STATEMENTS
PERFORMANCE MEASURES AND STATISTICS DISCLOSED BY
CENTRAL ELECTRIC LIMITED****PURSUANT TO REGULATION 26 OF THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994**

We, Maxwell Robert Naylor and Neil Garry McGregor, Directors of Central Electric Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- a. The attached audited financial statements of Central Electric 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 Central Electric 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 measurements are based are as at 31 March 1996.

.....*M R Naylor*.....

M R Naylor

.....*N G McGregor*.....

N G McGregor

.....*g**..... August 1996

KPMG Peat Marwick

Chartered Accountants

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

CENTRAL ELECTRIC LIMITED

I have examined the valuation report prepared by KPMG Peat Marwick and dated 2 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 ODV valuations contained in the report have been made in accordance with the ODV Handbook.



ROSS BUCKLEY
Partner

3 August 1995

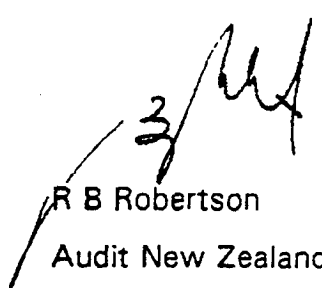


Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Central Electric Limited and dated 9 August 1996 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

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


R B Robertson

Audit New Zealand

on behalf of the Controller and Auditor-General

13 August 1996

Dunedin, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being -

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

and having been prepared by Central Electric Limited and dated 9 August 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) Regulation 1994.


R. Bruce Robertson

Audit New Zealand

on behalf of the Controller and Auditor-General

13 August 1996

Dunedin, New Zealand

CENTRAL ELECTRIC LIMITED

LINE BUSINESS STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 1996

GENERAL ACCOUNTING POLICIES

The general policies adopted in the preparation of these financial statements are:

- Unless otherwise stated, the measurement base adopted is historical cost.
- Reliance has been placed on the assumption that the Line Business is a going concern.
- Revenues earned are matched with expenses incurred using accrual accounting.

SPECIAL PURPOSE FINANCIAL STATEMENTS

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The methodology for allocating costs, revenues, assets and liabilities between activities used in the preparation of these financial statements is that as set out in the Guidelines to the Regulations.

These financial statements relate to the Line Business of Central Electric Limited and incorporate the conveyance of electricity, ownership of works for the conveyance of electricity and the supply of line function services.

SPECIFIC ACCOUNTING POLICIES

Revenue

The revenue shown in the Profit and Loss Account includes the line component of power sales, capital contributions, interest and miscellaneous and sundry income.

All revenue is directly attributable to the Line Business except capital contributions and interest which are allocated on the basis of the relative net asset values.

Expenditure

The expenditure shown in the Profit and Loss Account is derived as follows:

- National Grid Transmission charges, operating costs, interest and depreciation are directly attributable to the Line Business.
- Overheads relating to Corporate Services are allocated on the basis of the relative net asset values.
- Overheads relating to Engineering Services are allocated on the basis of the relative book values of the Line Business' fixed assets.

Taxation

The taxation charge against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Company follows the liability method, partial basis, of accounting for deferred taxation.

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

The taxation charge has been allocated on the basis of the Line Business' contribution to the Company's net profit before taxation.

Accounts Receivable

Accounts receivable are valued at net realisable value.

Accounts receivable shown in the Balance Sheet are those which are directly attributable to the Line Business.

Stock

Stock is valued at the lower of cost and net realisable value. In determining cost, weighted average cost has been used.

The stock shown in the Balance Sheet is that which is directly attributable to the Line Business.

Other Current Assets

The other current assets shown in the Balance Sheet comprise cash and other current assets. These have been allocated on the basis of the relative working capital levels and an equal share basis respectively.

Current Liabilities

The current liabilities shown in the Balance Sheet include those which are directly attributable to the Line Business and an allocation of Corporate Services and Engineering Services current liabilities. These have been allocated on an equal share to each activity basis and on the relative net book values of fixed assets respectively.

Investments

Investments are recorded at cost.

The investments shown in the Balance Sheet are those which are directly attributable to the Line Business and an allocation based on the relative reserve fund levels.

Fixed Assets and Depreciation

Distribution and substation assets in place prior to 1 April 1987 have been valued in accordance with Inland Revenue Department guidelines prior to that date and subsequently depreciated. All other assets are valued at cost less accumulated depreciation. Depreciation has been charged at the following rates:

	%	
Globo distribution system	5.0	S.L.
Transmission lines and cables	5.0-6.3	DV
Distribution lines and cables	5.0-6.3	DV
Substation - transformers, switch gear etc	7.5-9.4	DV
Substation - other	10.0	DV
Distribution transformers	7.5-9.4	DV
Public lighting	7.5-9.4	DV
Meters	10.0-12.5	DV
Motor Vehicles	20.0-25.0	DV
Plant	10.0-12.5	DV
Furniture and Fittings	20.0-25.0	DV
Office and computer equipment	20.0-40.0	DV

Fixed assets shown in the Balance Sheet include those which are directly attributable to the Line Business and an allocation of Corporate Services and Engineering Services fixed assets. The allocation of the fixed assets is based on:

- For Corporate Services, the assets have been allocated on an equal share basis between each activity;
- For Engineering Services, the assets have been allocated on the basis of the relative net book values.

Term Liabilities

The term liabilities shown in the Balance Sheet are those which are directly attributable to the Line Business.

CENTRAL ELECTRIC LIMITED

LINE BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1996

	31.03.96	31.03.95
	\$	\$
Gross Income	12,609,964	11,462,836
less Discount	479,966	934,877
Net Income	<u>12,129,998</u>	<u>10,527,959</u>
Less Expenditure:		
National Grid Transmission Charges	2,870,664	2,730,910
Operating Costs	3,139,243	2,634,663
Overheads	2,589,483	2,040,087
	<u>8,599,390</u>	<u>7,405,660</u>
Earnings before Depreciation, Interest and Taxation	3,530,608	3,122,299
Less:		
Depreciation	1,353,885	1,182,522
Interest	12,946	28,495
	<u>1,366,831</u>	<u>1,211,017</u>
Net Profit before Tax	2,163,777	1,911,282
Less Taxation	439,394	596,022
Net Profit after Tax	1,724,383	1,315,260
Less Dividend	31,004	23,759
Transferred to Retained Earnings	<u>\$1,693,379</u>	<u>\$1,291,501</u>

CENTRAL ELECTRIC LIMITED

LINE BUSINESS UNIT Statement of Financial Position as at 31 March 1996

	31.03.96	31.03.95
	\$	\$
Equity		
Issues and paid up Capital	18,741,812	18,741,812
Share Premium Reserve	1,332,446	1,332,446
Retained Earnings	4,235,597	2,542,218
Total Equity	<u>24,309,855</u>	<u>22,616,476</u>
 Represented by:		
Current Assets	2,666,653	3,238,701
Less: Current Liabilities	<u>1,272,433</u>	<u>1,505,316</u>
Net Working Capital	1,394,220	1,733,385
 Non Current Assets		
Investments	64,322	1,604,730
Fixed Assets	<u>22,975,213</u>	<u>19,402,261</u>
Total Assets	24,433,755	22,740,376
 Less Non Current Liabilities		
Term Liabilities	<u>123,900</u>	<u>123,900</u>
Net Assets	<u>\$24,309,855</u>	<u>\$22,616,476</u>

LINE BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.96	31.03.95
	\$	\$
Debtors - less provision for doubtful debts	1,388,437	1,312,060
Stock	1,692,258	1,735,538
Cash at Bank	(695,520)	132,734
Other Current Assets	281,478	58,369
	<u>2,666,653</u>	<u>\$3,238,701</u>

2. Current Liabilities

	31.03.96	31.03.95
	\$	\$
Creditors	1,090,565	946,398
Provision for holiday pay	181,868	166,220
Provision for staff entitlements	-	392,698
	<u>\$1,272,433</u>	<u>\$1,505,316</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.96 Net Book Value	31.03.95 Net Book Value
Reticulation	23,585,305	8,096,374	15,488,931	14,425,225
Motor Vehicles	1,736,653	1,017,468	719,185	672,933
Plant	647,245	80,181	567,064	2,261
Furniture and Fittings	10,058	7,275	2,783	2,232
Computer Equipment	20,100	12,582	7,518	10,024
Capital Work in Progress	3,987,182	-	3,987,182	2,609,459
Allocation of Corporate Services Assets	1,924,348	228,766	1,695,582	1,364,167
Allocation of Engineering Services Assets	848,816	341,848	506,968	315,960
	<u>32,759,707</u>	<u>9,784,494</u>	<u>22,975,213</u>	<u>19,402,261</u>

4. Optimised Deprival Valuation (ODV) of Reticulation Assets

	31.03.96	31.03.95
	\$	\$
Opening ODV Valuation	46,558,396	--
Movements in ODV Valuation	--	46,558,396
Closing ODV Valuation	<u>46,558,396</u>	<u>46,558,396</u>
Opening Net Book Value of Reticulation Assets	14,425,225	14,021,699
Movements in Net Asset Value	1,063,706	403,526
Closing Net Book Value of Reticulation Assets	<u>15,488,931</u>	<u>14,425,225</u>
ODV Valuation exceeds Net Asset Value by:	<u>\$31,069,462</u>	<u>\$32,133,171</u>

The ODV Valuation was undertaken by KPMG Peat Marwick as at 31 March 1995 in accordance with the ODV Handbook. While the ODV Valuation has not been used as the basis for valuing the Reticulation Assets in the Financial statements, it has been used for the purposes of calculating the Financial measures pursuant to Regulation 13 and Part 11 of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

CENTRAL ELECTRIC LIMITED

FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

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

FINANCIAL MEASURES

	31.03.96	31.03.95
1. Accounting Return on Total Assets i.e. Earnings before interest and tax as a percentage of average total funds employed	3.9%	3.6%
2. Accounting Return on Equity i.e. Net profit after tax as a percentage of average total shareholders' funds	3.1%	2.4%
3. Accounting Rate of Profit i.e. According to the following formula Earnings before interest less (Cash tax less Interest tax shield plus revaluations) as a percentage of average total funds less 50% of revaluations	2.6%	2.4%

The financial measures have been calculated after making the following adjustments to the figures contained in the attached accounts of the Lines Business in order to comply with the requirement to use ODV as the basis for the Fixed Asset Valuation:

Fixed Assets increased by	\$31,069,465
Shareholders' Funds increased by	\$31,069,465

EFFICIENCY PERFORMANCE MEASURES

	31.03.96	31.03.95
1. Direct Line Costs per Kilometre i.e. Direct expenditure divided by system length (in kilometres)	\$1,537.71	\$1,334.07
\$2,870,664 of Transpower charges have been excluded from this calculation		
2. Indirect Line Costs per Electricity Customer i.e. Indirect expenditure divided by total customers	\$147.13	\$118.06

CENTRAL ELECTRIC LIMITED

ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS 1995/96

PURSUANT TO REGULATION 15 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

1. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

	<u>31/3/96</u>	<u>31/3/95</u>
a. Load Factor	45.9%	59.1%
Percentage of electrical energy entering the transmission system over maximum demand times hours per year		
b. Loss Ratio	9.4%	10.01%
Transmission losses over energy entering the system		
c. Capacity Utilisation	42.3%	33.3%
Maximum demand over transformer capacity		

2. STATISTICS

a. b. c. System Length Analysed by Voltage (Kilometres)

Voltage	31/3/96	31/3/95	31/3/96	31/3/95	31/3/96	31/3/95
	Overhead	Overhead	Underground	Underground	Total	Total
400V	203.04	202.21	165.00	154.91	368.04	357.12
6.6kV	29.26	29.26	0.00	0.00	29.26	29.26
11kV	1,210.98	1,201.53	65.70	43.33	1,276.68	1,244.86
33kV	413.46	413.46	2.38	2.38	415.84	415.84
	<u>1,856.74</u>	<u>1,846.46</u>	<u>233.08</u>	<u>200.62</u>	<u>2,089.82</u>	<u>2,047.08</u>

	31/3/96	31/3/95
d. Transformer Capacity	166,087	156,660
e. Maximum Demand	70,174kW	52,170kW
f. kwh	282,295,463	269,768,169
g. To unrelated parties	Nil	Nil
h. Customers	18,250	17,280

MOC Disclosure

REG 16 - PART IV							
Reliability Performance Measures							
April 1995 to March 1996				April 1994 to March 1995			
Sect 1							
		31.3.1996	31.3.1995				
Total Number of Interruptions		344	313				
Interruptions by Class							
Class	31.3.1996	31.3.1995					
A	0	0					
B	144	161					
C	199	149					
D	1	3					
E	0	0					
F	0	0					
G	0	0					
Sect 2							
		31.3.1996	31.3.1995				
Total Faults		200	149				
Line Length		1721.76	1617.25				
Faults per 100km		11.62	9.21				
Sect 3							
Underground Cables		31.3.1996		31.3.1995			
Nominal Voltage	#FAULTS	Average Length (km)	Faults per 100km	#FAULTS	Average Length (km)	Faults per 100km	
33kV	1	2.38	42.02	0	2.38	0.00	
11kV	6	65.73	9.13	9	43.33	20.77	
6.6kV	0	0	0.00	0	0	0.00	
TOTAL	7	68.11	10.28	9	45.71	19.69	
Sect 4							
Overhead Lines		31.3.1996		31.3.1995			
Nominal Voltage	#FAULTS	Average Length (km)	Faults per 100km	#FAULTS	Average Length (km)	Faults per 100km	
33kV	16	413.46	3.87	11	413.46	2.66	
11kV	172	1210.93	14.20	121	1201.53	10.07	
6.6kV	5	29.26	17.09	8	29.26	27.34	
TOTAL	193	1653.65	11.67	140	1644.25	8.51	

MOC Disclosure

Sect 5 SAIDI		Total Interruptions (all Classes)						
	31.3.1996	31.3.1995						
Cust-Mins	7879079	4936447						
Customers	18250	17280						
SAIDI	431.73	285.67						
Sect 6 SAIDI								
Interruptions by Class		31.3.1996			31.3.1995			
		Cust-Mins	SAIDI		Cust-Mins	SAIDI		
A	0	0	0.00	0	0	0.00		
B	144	1400065	76.72	161	1405904	81.36		
C	199	6189749	339.16	149	3165420	183.18		
D	1	289265	15.85	3	365123	21.13		
E	0	0	0.00	0	0	0.00		
F	0	0	0.00	0	0	0.00		
G	0	0	0.00	0	0	0.00		
Sect 7 SAIFI								
Total Interruptions (all Classes)								
	31.3.1996	31.3.1995						
Cust-Intrpt	106684	116247						
Customers	18250	17280						
SAIFI	5.85	6.73						
Sect 8 SAIFI								
Interruptions by Class		31.3.1996			31.3.1995			
		Cust-Intrpt	SAIFI		Cust-Intrpt	SAIFI		
A	0	0	0.00	0	0	0.00		
B	144	18483	1.01	161	21774	1.26		
C	199	82060	4.50	149	80263	4.64		
D	1	6141	0.34	3	14210	0.82		
E	0	0	0.00	0	0	0.00		
F	0	0	0.00	0	0	0.00		
G	0	0	0.00	0	0	0.00		
Sect 9 CAIDI								
Total Interruptions (all Classes)								
	31.3.1996	31.3.1995						
Cust-Mins	7879079	4936447						
Cust-Intrpt	106684	116247						
CAIDI	73.85	42.47						
Sect 10 CAIDI								
Interruptions by Class		31.3.1996			31.3.1995			
		Cust-Mins	Cust-Intrpt	CAIDI		Cust-Mins	Cust-Intrpt	CAIDI
A	0	0	0	0.00	0	0	0	0.00
B	144	1400065	18483	75.75	161	1405904	21774	64.57
C	199	6189749	82060	75.43	149	3165420	80263	39.44
D	1	289265	6141	47.10	3	365123	14210	25.69
E	0	0	0	0.00	0	0	0	0.00
F	0	0	0	0.00	0	0	0	0.00
G	0	0	0	0.00	0	0	0	0.00

CENTRAL ELECTRIC LIMITED

OPTIMISED DEPRIVAL VALUATION OF LINE BUSINESS ASSETS

PURSUANT TO REGULATION 14A(2) OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

Optimised Deprival Valuation..... \$46,558,396

CENTRAL ELECTRIC LIMITED**ENERGY BUSINESS STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1996**

GENERAL ACCOUNTING POLICIES

The general policies adopted in the preparation of these financial statements are:

- Unless otherwise stated, the measurement base adopted is historical cost.
- Reliance has been placed on the assumption that the Line Business is a going concern.
- Revenues earned are matched with expenses incurred using accrual accounting.

SPECIAL PURPOSE FINANCIAL STATEMENTS

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The methodology for allocating costs, revenues, assets and liabilities between activities used in the preparation of these financial statements is that as set out in the Guidelines to the Regulations.

These financial statements relate to the Energy Business of Central Electric Limited and incorporate the retailing of electricity, the retailing of electrical appliances and the maintenance and installation of electrical appliances, fittings and associated equipment.

SPECIFIC ACCOUNTING POLICIES**Revenue**

The revenue shown in the Profit and Loss Account includes the electricity unit consumption component of power sales, electrical appliance sales (including the maintenance and installation thereon), capital contributions, interest and miscellaneous and sundry income.

All revenue is directly attributable to the Energy Business except capital contributions and interest which are allocated on the basis of the relative net asset values.

Expenditure

The expenditure shown in the Profit and Loss Account is derived as follows:

- Electricity purchases, operating costs, depreciation and the cost of electrical appliance goods sold are directly attributable to the Energy Business.
- Overheads relating to Corporate Services are allocated on the basis of the relative net asset values.
- Overheads relating to Engineering Services are allocated on the basis of the relative book values of the Energy Business' fixed assets.

Taxation

The taxation charge against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Company follows the liability method, partial basis, of accounting for deferred taxation.

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

The taxation charge has been allocated on the basis of the Energy Business' contribution to the Company's net profit before taxation.

Accounts Receivable

Accounts receivable are valued at net realisable value.

Accounts receivable shown in the Balance Sheet are those which are directly attributable to the Line Business.

Stock

Stock is valued at the lower of cost and net realisable value. In determining cost, weighted average cost has been used.

The stock shown in the Balance Sheet is that which is directly attributable to the Energy Business.

Other Current Assets

The other current assets shown in the Balance Sheet comprise cash and other current assets. These have been allocated on the basis of the relative working capital levels and an equal share basis respectively.

Current Liabilities

The current liabilities shown in the Balance Sheet include those which are directly attributable to the Energy Business and an allocation of Corporate Services and Engineering Services current liabilities. These have been allocated on an equal share to each activity basis and on the relative net book values of fixed assets respectively.

Investments

Investments are recorded at cost.

The investments shown in the Balance Sheet are those which are directly attributable to the Energy Business and an allocation based on the relative reserve fund levels.

Fixed Assets and Depreciation

Fixed assets are valued at cost less accumulated depreciation. Depreciation has been charged at the following rates:

	%	
Motor Vehicles	20.0-25.0	DV
Plant	10.0-12.5	DV
Furniture and Fittings	20.0-25.0	DV
Office and computer equipment	20.0-40.0	DV

Fixed assets shown in the Balance Sheet include those which are directly attributable to the Energy Business and an allocation of Corporate Services and Engineering Services fixed assets. The allocation of the fixed assets is based on:

- For Corporate Services, the assets have been allocated on an equal share basis between each activity;
- For Engineering Services, the assets have been allocated on the basis of the relative net book values.

Term Liabilities

The term liabilities shown in the Balance Sheet are those which are directly attributable to the Energy Business.

CENTRAL ELECTRIC LIMITED

ENERGY BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1996

	31.03.96	31.03.95
	\$	\$
Gross Income	18,507,417	18,172,999
less Discount	666,993	1,041,799
Net Income	17,840,424	17,131,200
Less Expenditure:		
Cost of Power Purchases	9,036,730	8,108,275
Cost of Goods Sold	5,428,444	5,343,988
Operating Costs	2,061,212	2,929,852
Overheads	571,352	405,738
	17,097,738	16,787,853
Earnings before Depreciation, Interest and Taxation	742,686	343,347
Less:		
Depreciation	54,743	56,928
Net Profit before Tax	687,943	286,419
Less Taxation	139,142	89,318
Net Profit after Tax	548,801	197,101
Less Dividend	9,867	3,591
Transferred to Retained Earnings	\$538,934	\$193,510

CENTRAL ELECTRIC LIMITED

ENERGY BUSINESS UNIT

Statement of Financial Position as at 31 March 1996

	31.03.96	31.03.95
	\$	\$
Equity		
Issued and paid up Capital	5,850,099	5,850,099
Share Premium Reserve	415,912	415,912
Retained Earnings	1,332,466	793,532
Total Equity	7,598,477	7,059,543
Represented by:		
Current Assets	5,357,363	5,151,183
Less: Current Liabilities	1,586,567	2,244,868
Net Working Capital	3,770,796	2,906,315
Non Current Assets		
Investments	49,595	1,030,904
Fixed Assets	3,778,086	3,122,324
Total Assets	7,598,477	7,059,543
Net Assets	7,598,477	\$7,059,543

ENERGY BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.96	31.03.95
	\$	\$
Debtors - less provision for doubtful debts	3,353,486	2,712,361
Stock	1,566,339	2,226,698
Cash at Bank	(317,494)	95,387
Other Current Assets	755,032	116,737
	<u>\$5,357,363</u>	<u>\$5,151,183</u>

2. Current Liabilities

	31.03.96	31.03.95
	\$	\$
Creditors	1,223,801	1,505,400
Sundry	94,322	66,521
Provision for Discount	74,100	74,100
Provision for Holiday Pay	194,344	203,109
Provision for Staff Entitlements	--	395,738
	<u>1,586,567</u>	<u>\$2,244,868</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.96 Net Book Value	31.03.95 Net Book Value
Reticulation	73,926	29,986	43,940	49,375
Motor Vehicles	697,665	397,883	299,782	266,146
Plant	36,214	10,408	25,806	10,291
Furniture and Fittings	13,791	9,614	4,177	2,853
Office Equipment	4,160	2,579	1,581	1,063
Computer Equipment	16,971	10,624	6,347	8,464
Capital Work in Progress	3,640	--	3,640	54,751
Allocation of Corporate Services Assets	3,848,696	457,534	3,391,162	2,728,333
Allocation of Engineering Services Assets	2,765	1,114	1,651	1,048
	<u>4,697,828</u>	<u>919,742</u>	<u>3,778,086</u>	<u>3,122,324</u>

CENTRAL ELECTRIC LIMITED

GENERATION BUSINESS STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 1996

GENERAL ACCOUNTING POLICIES

The general policies adopted in the preparation of these financial statements are:

- Unless otherwise stated, the measurement base adopted is historical cost.
- Reliance has been placed on the assumption that the Line Business is a going concern.
- Revenues earned are matched with expenses incurred using accrual accounting.

SPECIAL PURPOSE FINANCIAL STATEMENTS

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The methodology for allocating costs, revenues, assets and liabilities between activities used in the preparation of these financial statements is that as set out in the Guidelines to the Regulations.

These financial statements relate to the generation business of Central Electric Limited and incorporate the generation of electricity, by Central Electric Limited, where the capacity is greater than 10MW.

SPECIFIC ACCOUNTING POLICIES

Revenue

The revenue shown in the Profit and Loss Account includes power sales of internally generated electricity, capital contributions, interest and miscellaneous and sundry income.

All revenue is directly attributable to the Generation Business except capital contributions and interest which are allocated on the basis of the relative net asset values.

Expenditure

The expenditure shown in the Profit and Loss Account is derived as follows:

- Operating costs, interest and depreciation are directly attributable to the Generation Business.
- Overheads relating to Corporate Services are allocated on the basis of the relative and asset values.
- Overheads relating to Engineering Services are allocated on the basis of the relative book values of the Generation Business' fixed assets.

Taxation

The taxation charge against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Company follows the liability method, partial basis, of accounting for deferred taxation.

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

The taxation charge has been allocated on the basis of the Generation Business' contribution to the Company's net profit before taxation.

Stock

Stock is valued at the lower of cost and net realisable value. In determining cost, weighted average cost has been used.

The stock shown in the Balance Sheet is that which is directly attributable to the Generation Business.

Other Current Assets

The other current assets shown in the Balance Sheet comprise cash and other current assets. These have been allocated on the basis of the relative working capital levels and an equal share basis respectively.

Current Liabilities

The current liabilities shown in the Balance Sheet include those which are directly attributable to the Generation Business and an allocation of Corporate Services and Engineering Services current liabilities. These have been allocated on an equal share to each activity basis and on the relative net book values of fixed assets respectively.

Investments

Investments are recorded at cost.

The investments shown in the Balance Sheet are those which are directly attributable to the Generation Business and an allocation based on the relative reserve fund levels.

Fixed Assets and Depreciation

Fixed assets have been valued at cost less accumulated depreciation. Depreciation has been charged at the following rates:

	%	
Dams and associated headworks	1.0-1.3	SL
Plant	10.0-12.5	DV
Transmission lines	5.0-6.3	DV

Investigation work on new hydro electric schemes has been capitalised.

Fixed assets shown in the Balance Sheet include those which are directly attributable to the Generation Business and an allocation of Corporate Services and Engineering Services fixed assets. The allocation of the fixed assets is based on:

- For Corporate Services, the assets have been allocated on an equal share basis between each activity;
- For Engineering Services, the assets have been allocated on the basis of the relative net book values.

Term Liabilities

The term liabilities shown in the Balance Sheet are those which are directly attributable to the Generation Business.

CENTRAL ELECTRIC LIMITED

GENERATION BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1996

	31.03.96	31.03.95
	\$	\$
Gross Income	4,329,896	4,142,896
less Discount	457	403
Net Income	4,329,439	4,142,493
Less Expenditure:		
Operating Costs	813,568	942,655
Overheads	1,367,697	1,208,310
	2,181,265	2,150,965
Earnings before Depreciation, Interest and Taxation	2,148,174	1,991,528
Less:		
Depreciation	268,074	282,834
Interest	218,397	341,711
	486,471	624,545
Net Profit before Tax	1,661,703	1,366,983
Less Taxation	336,869	426,285
Net Profit after Tax	1,324,834	940,698
Less Dividend	23,821	16,978
Transferred to Retained Earnings	\$1,301,013	\$923,720

CENTRAL ELECTRIC LIMITED

GENERATION BUSINESS UNIT
Statement of Financial Position as at 31 March 1996

	31.03.96	31.03.95
	\$	\$
Shareholders Funds		
Issued and paid up Capital	10,408,089	10,408,089
Share Premium Reserve	739,962	739,962
Retained Earnings	2,712,809	1,411,796
	13,860,860	12,559,847
Represented by:		
Current Assets	167,572	101,316
Less: Current Liabilities	356,385	458,094
	(188,813)	(356,778)
Working Capital Deficit		
Investments	4,186,557	3,451,850
Fixed Assets	12,863,116	12,464,775
	16,860,860	15,598,847
Total Assets		
Less: Term Liabilities	3,000,000	3,000,000
	13,860,860	\$12,559,847
Net Assets		
	13,860,860	\$12,559,847

GENERATION BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.96	31.03.95
	\$	\$
Stock	15,148	17,636
Cash at Bank	(129,054)	25,311
Other Current Assets	281,478	58,369
	<u>\$167,572</u>	<u>\$101,316</u>

2. Current Liabilities

	31.03.96	31.03.95
	\$	\$
Creditors	269,440	192,662
Provision for holiday pay	86,945	82,743
Provision for staff entitlements	—	182,689
	<u>\$356,385</u>	<u>\$458,094</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.96 Net Book Value	31.03.95 Net Book Value
Generation	13,187,731	3,514,894	9,672,837	9,467,011
Plant	8,399	4,164	4,235	4,840
Hydro Investigation	205,564	—	205,564	205,564
Capital Work in Progress	967,837	—	967,837	1,216,222
Allocation of Corporate Services Assets	1,924,348	228,766	1,695,582	1,364,166
Allocation of Engineering Services Assets	530,855	213,794	317,061	206,972
	<u>16,824,734</u>	<u>3,961,618</u>	<u>12,863,116</u>	<u>12,464,775</u>

