



New Zealand Gazette

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SCANPOWER 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, John Alfred Stone, of Cadman Road Dannevirke, being a Director of SCANPOWER 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.

John A Stone

Declared at Dannevirke this 6th day of August 1996

H C Lidington J.P.

Justice of the Peace

Reg 26(2)

Form 5

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

We, Michael Dodson and Peter Clayton, directors of SCANPOWER Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached audited financial statements of SCANPOWER 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 SCANPOWER 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 1994.

Michael Dodson
8 August, 1996

Peter Clayton
8 August, 1996



Audit New Zealand

Certification by Auditor in Relation to Financial Statements

Report of the Audit Office

We have examined the attached financial statements prepared by ScanPOWER Limited - Line Business 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 handwritten signature in black ink, appearing to read 'V F Sears', with a long, sweeping flourish extending to the right.

V F Sears
Audit New Zealand
On behalf of the Controller and Auditor-General
8 August 1996
Palmerston North, New Zealand



Audit New Zealand

Certification by Auditor in Relation to Financial Statements

Report of the Audit Office

We have examined the attached financial statements prepared by ScanPOWER Limited - Electricity Retail Business (Energy Business) 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 handwritten signature in black ink, appearing to read 'V F Sears', with a long, sweeping flourish extending to the right.

V F Sears
Audit New Zealand
On behalf of the Controller and Auditor-General
8 August 1996
Palmerston North, New Zealand

SCANPOWER LTD**INTRODUCTION**

The information disclosed in the 1996 Information Disclosure package issued by SCANPOWER Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1994.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purpose than that intended under the regulations.

The information contained in this package may change at any time. Pricing and terms are as at the date of disclosure indicated and are not a quote or estimate or rates or terms that will apply in the future.

Please write or phone SCANPOWER Limited if you have any questions or would like further information on the services available.

FINANCIAL PERFORMANCE MEASURES**NOTE**

The Electricity (Information Disclosure) Regulations 1994 forms part of the "light handed" regulatory regime introduced following deregulation of the Electricity Industry.

The Regulations require Electricity Companies that operate a Line Business to publicly disclose in the Gazette and have available on request a variety of information. Included in this disclosure are the Financial, Reliability and Efficiency Performance Measures and Statistics.

In order to consistently define these measures to allow comparison between Electricity Companies, the Regulations require a number of adjustments to be made to the Financial Statements. For this reason, the Financial Statements disclosed are not necessarily the basis of information used for calculations in Performance Measures and Statistics.

This information has been prepared solely for the purpose of complying with Regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

SCANPOWER LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 MARCH 1996

	Notes	<u>Lines Business</u>		<u>Energy Business</u>	
		1996	1995	1996	1995
		\$	\$	\$	\$
REVENUE					
Electricity Revenue		3,829,912	3,761,969	4,836,341	4,551,054
Other Income	1	490,673	416,939	1,915,220	2,137,165
		4,320,585	4,178,908	6,751,561	6,688,219
Less Customer Discounts		900,000	933,429	446,175	400,001
TOTAL REVENUE		3,420,585	3,245,479	6,305,386	6,288,218
EXPENSES					
Electricity business and other costs		3,396,668	3,219,187	6,204,554	6,149,542
TOTAL EXPENSES		3,396,668	3,219,187	6,204,554	6,149,542
OPERATING SURPLUS BEFORE TAXATION		23,917	26,292	100,832	138,676
Taxation Expense	2	16,212	19,402	33,268	44,560
OPERATING SURPLUS AFTER TAXATION		7,705	6,890	67,564	94,116

The accompanying notes form an integral part of these financial statements

SCANPOWER LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1996

	Notes	Lines Business		Energy Business	
		1996 \$	1995 \$	1996 \$	1995 \$
SHAREHOLDERS FUNDS					
Retained Earnings & Reserves	3	7,338,685	6,857,151	1,189,343	1,073,338
TOTAL SHAREHOLDERS FUNDS		7,338,685	6,857,151	1,189,343	1,073,338
CURRENT ASSETS					
Bank and Cash on Hand		48,456	28,017	100,245	177,646
Short Term Investments	6	1,082,726	822,441	548,016	129,709
Tax Provision		24,120	21,556	49,896	136,681
Accounts Receivable	4	86,137	8,458	615,730	635,902
Prepayments and Accruals		73,211	23,114	295,203	269,525
Inventories	5	92,907	91,164	399,348	432,465
Total Current Assets		1,407,557	994,750	2,008,438	1,781,928
NON CURRENT ASSETS					
Investments	6	-	511,219	-	-
Fixed Assets	7	6,295,827	5,773,618	76,201	70,171
Capital Work In Progress		22,614	36,851	-	-
Total Non Current Assets		6,318,441	6,321,688	76,201	70,171
TOTAL ASSETS		7,725,998	7,316,438	2,084,639	1,852,099
CURRENT LIABILITIES					
Accounts Payable	8	187,015	294,518	801,989	688,992
Proposed Dividend		10,000	10,000	10,000	10,000
Employee Entitlements		176,095	123,964	54,486	42,324
TOTAL CURRENT LIABILITIES		373,110	428,482	866,475	741,316
NON CURRENT LIABILITIES					
Term Loans	9	24,900	24,900	-	-
Deferred Taxation		(10,697)	5,905	28,821	37,445
Total Non - Current Liabilities		14,203	30,805	28,821	37,445
TOTAL LIABILITIES		387,313	459,287	895,296	778,761
NET ASSETS		7,338,685	6,857,151	1,189,343	1,073,338

For and behalf of the Board

Michael Dodson
DEPUTY CHAIRMAN

J Farnworth
GENERAL MANAGER

SCANPOWER LIMITED
PERFORMANCE INDICATORS
 FOR THE YEAR ENDED 31 MARCH 1996

	1996	1995
1. FINANCIAL PERFORMANCE MEASURES		
Accounting Return on Total Assets	-1.44%	-1.67%
Accounting Return on Equity	-1.55%	-1.95%
Accounting Rate of Profit	-1.54%	-1.83%

2. EFFICIENCY PERFORMANCE INDICATORS		
Direct Line Costs per Kilometre	\$866	\$693
Indirect Line Costs per Customer	\$57	\$61

3. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES		
Load Factor	66.55%	64.11%
Loss Ratio	7.95%	7.79%
Capacity Utilisation	26.04%	26.06%

4. STATISTICS		
Circuit Length of Overhead System		
11 KV	765	789
400 V	197	189
Total	962	978
Circuit Length of Underground System		
400 V	32	31
Total	32	31
System Length		
11 KV	765	789
400 V	229	220
Total	994	1,009
Transformer Capacity	54,425	54,055
Maximum Demand KW	14,176	14,089
Total Electricity Supplied from Systems (Sales) Kwhr	76,281,299	72,965,022
Electricity on behalf of other entities	-	-
Total Customers	6,700	6,713
Number of Faults per 100 circuit kilometre overhead		
11 KV	9	11
Total	9	11

Total Interruptions 1996

CLASS	A	B	C	D	E	F	G	TOTAL
SAIDI	49.15	41.66	32.63	0	0	0	0	123.44
SAIFI	0.23	0.3224	0.579	0	0	0	0	1.1314
CAIDI	214	129	56	0	0	0	0	109
INTERRUPTION	1	127	68	0	0	0	0	196

Total Interruptions 1995

CLASS	A	B	C	D	E	F	G	TOTAL
SAIDI	56	32	41.4	31	0	0	0	160.4
SAIFI	0.234	0.476	0.708	1.91	0	0	0	3.328
CAIDI	240	67	58	16	0	0	0	48
INTERRUPTION	1	88	84	5	0	0	0	178

SCANPOWER LTD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1996

SCANPOWER Limited ("SCANPOWER") is a public company registered under the Companies Act 1955. These Financial statements have been prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994. The financial statements comprise separate Statements of Financial Performance and Financial Position for the Line and Energy Businesses as required by Clause 6(2)(3) of the Electricity (Information Disclosure) Regulations 1994. These businesses operate in and around the Southern Hawkes Bay area. The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the company, with the exception that certain fixed assets have been revalued.

Methodology of Separation of Businesses

SCANPOWER has generally followed the Electricity Disclosure Guidelines and Pricing Methodologies as issued by the Energy Policy Group of the Ministry of Commerce in 1994. In respect of discounts they are allocated to each business based on the profits generated by those businesses

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

a) Income Recognition

Electricity sales include all amounts billed during the financial period as determined by meter readings or assessed meter readings. An accrual is also made for the estimate of electricity used but unbilled at the end of the financial period. The gross value of electricity sales as determined by this method is then disclosed by the line and energy components in the relevant statements.

b) Receivables

Receivables are stated at their estimated realisable value.

c) Inventories

Inventories are valued at the lower of "weighted average cost", and net realisable value.

d) Comparative Figures

These figures are based on a twelve month period beginning in April and ending in March.

e) Fixed Assets

Fixed assets are initially recorded at cost less accumulated depreciation excluding land which is not depreciated.

Freehold land & Buildings are subsequently revalued on a cyclical basis with no individual fixed asset being included at a valuation undertaken more than three years previously. Valuations are at net current value.

f) Investments and Cash

Investments are valued at cost. Cash is defined as the day to day cash management funds including short term deposits.

g) Depreciation

Depreciation of fixed assets, other than freehold land, is calculated on a straight line basis so as to allocate the cost of the assets, or the revalued amounts less their residual value, over their useful lives.

Major depreciation periods are:

Buildings	- 50 years
Computer Equipment	- 3 to 5 years
Distribution System	- 33 to 35 years
Motor Vehicles	- 7 to 10 years
Plant and Equipment	- 10 years

h) Taxation

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences. The company uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

i) Employee Entitlements

These have been valued as the actual liabilities of SCANPOWER as at 31 March 1996. This includes the estimated liability for annual leave and long service leave as a result of services rendered by employees up to balance date.

j) Financial Instruments

The company places its cash deposits with high-credit quality financial institutions. The company does not normally require deposits from customers except for, those who have been disconnected. No other form of security or collateral is required to support financial instruments with credit risk.

Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on bases consistent with previous years.

SCANPOWER LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 1996

	Lines Business		Energy Business	
	1996	1995	1996	1995
	\$	\$	\$	\$
Note 1: Other Income				
Network Contracting	332,022	304,449	-	-
Interest Income	158,651	112,490	-	-
Appliance Sales, Servicing and Wiring	-	-	1,915,220	2,137,165
	<u>490,673</u>	<u>416,939</u>	<u>1,915,220</u>	<u>2,137,165</u>
Note 2: Taxation				
<i>Taxation Reconciliation</i>				
Accounting net operating surplus before taxation	23,917	26,292	100,832	138,676
Taxation at 33%	7,893	8,676	33,268	45,763
Plus Tax Effect of:				
Non Deductible Expenditure	8,319	10,726	-	-
Timing Differences not Recognised	-	-	-	(1,203)
Tax Loss not Previously Recognised	-	-	-	-
Income Tax Charge for the year	<u>16,212</u>	<u>19,402</u>	<u>33,268</u>	<u>44,560</u>
Comprising:				
Current Taxation	32,814	22,079	41,892	44,560
Deferred Taxation	(16,602)	(2,677)	(8,624)	-
	<u>16,212</u>	<u>19,402</u>	<u>33,268</u>	<u>44,560</u>
Deferred Taxation Liability:				
Opening Balance	5,905	(24,523)	37,445	(21,905)
Less Prior Period Adjustment	-	33,105	-	59,350
Current Year Movement	(16,602)	(2,677)	(8,624)	-
	<u>(10,697)</u>	<u>5,905</u>	<u>28,821</u>	<u>37,445</u>
Note 3: Retained Earnings & Reserves				
(i) Retained Earnings				
Balance at beginning of the year	69,162	170,438	176,297	92,181
Net Surplus for the year	7,705	6,890	67,564	94,116
Dividends Paid and Proposed	(10,000)	(10,000)	(10,000)	(10,000)
Equity Adjustments	-	(98,166)	-	-
Balance at end of the year	<u>66,867</u>	<u>69,162</u>	<u>233,861</u>	<u>176,297</u>
(ii) Reserves				
Capital	6,602,964	6,602,964	897,041	897,041
Adjustment to Capital	(58,441)	-	58,441	-
Share Premium Reserve	185,025	185,025	-	-
Asset Revaluation Reserve	542,270	-	-	-
Balance at end of the year	<u>7,271,818</u>	<u>6,787,989</u>	<u>955,482</u>	<u>897,041</u>
Total Retained Earnings & Reserves	<u>7,338,685</u>	<u>6,857,151</u>	<u>1,189,343</u>	<u>1,073,338</u>
Note 4: Accounts Receivable				
Trading Debtors	-	-	571,450	582,275
GST Clearing Account	-	-	44,280	53,627
Miscellaneous	86,137	8,458	-	-
	<u>86,137</u>	<u>8,458</u>	<u>615,730</u>	<u>635,902</u>
Note 5: Inventories				
Network and Contracting Stocks	92,907	91,164	-	-
Appliance & Servicing Stocks	-	-	375,393	404,610
Energy Marketing Stocks	-	-	23,955	27,855
	<u>92,907</u>	<u>91,164</u>	<u>399,348</u>	<u>432,465</u>

	Lines Business		Energy Business	
	1996	1995	1996	1995
	\$	\$	\$	\$
Note 6: Investments				
(i) CURRENT				
Short term deposits held with registered banks	571,507	822,441	548,016	129,709
Government & SOE Bonds	511,219	-	-	-
	<u>1,082,726</u>	<u>822,441</u>	<u>548,016</u>	<u>129,709</u>
(ii) NON CURRENT				
Government & SOE Bonds	-	511,219	-	-

Note 7: Fixed Assets**Distribution Assets**

At Cost	8,503,900	8,337,923	-	-
Accumulated Depreciation	(3,769,126)	(3,530,110)	-	-
Total carrying amount of distribution assets	<u>4,734,774</u>	<u>4,807,813</u>	-	-

Freehold Land

At Cost	21,617	21,617	-	-
At Valuation - 16 February 1996	106,283	-	-	-
Total carrying amount of free hold land	<u>127,900</u>	<u>21,617</u>	-	-

Freehold Buildings

At Cost	846,337	835,656	-	-
Accumulated Depreciation	(265,515)	(248,605)	-	-
	<u>580,822</u>	<u>587,051</u>	-	-

At Valuation - 16 February 1996

Accumulated Depreciation	(3,309)	-	-	-
Total carrying amount of freehold buildings	<u>1,014,691</u>	<u>587,051</u>	-	-

Motor Vehicles

At Cost	440,409	419,791	161,614	155,460
Accumulated Depreciation	(242,767)	(255,522)	(102,195)	(101,568)
Total carrying amount of Motor Vehicles	<u>197,642</u>	<u>164,269</u>	<u>59,419</u>	<u>53,892</u>

Plant and Equipment

At Cost	254,273	233,458	20,508	18,023
Accumulated Depreciation	(136,135)	(119,710)	(3,726)	(1,744)
Total carrying amount of Plant and Equipment	<u>118,138</u>	<u>113,748</u>	<u>16,782</u>	<u>16,279</u>

Computer Equipment

At Cost	246,098	187,053	-	-
Accumulated Depreciation	(143,416)	(107,933)	-	-
Total carrying amount of Computer Equipment	<u>102,682</u>	<u>79,120</u>	-	-

Total Fixed Assets

6,295,827	5,773,618	76,201	70,171
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Valuations

Valuations of freehold land and buildings were determined by an independent registered valuer Ian Mollison, Dip VFM, ANZIV, MNZSFM of the firm Ian Mollison and Associates, Dannevirke on 16/2/96.

A valuation carried out by Dr Ed Hudson of E-DEC Ltd for the year ended 31 March 1994 identifies the ODV value of the Distribution fixed assets at \$14,333,501.

Note 8: Accounts Payable

Electricity Customers*	-	-	187,637	243,790
Trade Creditors	169,650	277,587	614,352	445,202
Customer Deposits	11,900	11,860	-	-
Other Creditors & Accruals	5,465	5,071	-	-
	<u>187,015</u>	<u>294,518</u>	<u>801,989</u>	<u>688,992</u>

* Due to the effect of discounts resulting in customers having credit (being owed) balances.

	Lines Business		Energy Business	
	1996	1995	1996	1995
	\$	\$	\$	\$

Note 9: Loan Liability (Non Current)

Closing Balance	24,900	24,900	-	-
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The loan liability is secured over the revenue of the company. The loan is due within two years and is borrowed at an interest rate of 10.50%

Note 10: Wind Generation Project

SCANPOWER Limited is engaged in feasibility studies with regard to wind generation options within the distribution area of SCANPOWER. The directors are committed to the continuation of these studies.

Capitalised expenditure as at 31 March 1996:

Feasibility Studies	7,239	-	-	-
Total expenditure capitalised	7,239	-	-	-

Although results are promising at this stage, the outcome of this project is not certain. In the event this project is terminated, the amount disclosed as capitalised above will be written off in the Statement of Financial Performance of the Line Business.

Note 11: Capital Commitments and Contingent Liabilities

As at 31 March 1996, the company has no contingent liabilities (1994/95 also Nil).

SCANPOWER has not entered into any contracts to purchase or install equipment of a capital nature (1994/95 also Nil).

Note 12: Segment Information

SCANPOWER operates in one industry which is the supply and distribution of electricity. All of SCANPOWER's operations are carried out in New Zealand

Note 13: Related Party Information

All transactions with related parties are made under normal terms and conditions of supply and sale. No related party debts were forgiven or written off during the year.

Note 14: Financial Instruments

The company has no off balance sheet financing, nor any foreign exchange exposure. All financial instruments are carried at fair value and take into account the company's maximum exposure to credit risk.

Concentrations of credit risk with respect to receivables are limited due to a large customer base to whom the company supplies services.



Audit New Zealand

Certification of Performance Measures by Auditors

Report of the Audit Office

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 ScanPOWER 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.

A handwritten signature in black ink, appearing to read 'V F Sears', with a long, sweeping flourish extending to the right.

V F Sears
Audit New Zealand
On behalf of the Controller and Auditor-General
8 August 1996
Palmerston North, New Zealand



■ Chartered Accountants

To the Directors
Scanpower Limited

Certification by auditor in relation to ODV Valuation

Auditor's Report

We have examined the valuation report prepared by E-DEC Limited and dated 28 July 1995, which report contains valuations as at 31 March 1994 and identifies the ODV value of the system fixed assets at \$14,333,501.

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

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994 and is not to be used for any other purpose without our prior written consent.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Chartered Accountants
Palmerston North
28 July 1995

