



New Zealand Gazette

OF THURSDAY, 17 OCTOBER 1996

WELLINGTON: MONDAY, 21 OCTOBER 1996 — ISSUE NO. 152

ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

ALPINE ENERGY LIMITED

FINANCIAL STATEMENTS

Prepared in Accordance With The
Electricity (Information Disclosure) Regulations 1994

31 MARCH 1996

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1996

	Notes	Lines \$'000	Other \$'000
OPERATING REVENUE	2	10,245	648
LESS			
Operating Costs		3,982	601
Audit Fees		40	0
Directors' Fees		113	0
Depreciation		2,021	5
Goodwill		141	0
		<hr/> 6,297	<hr/> 606
 NET PROFIT BEFORE TAXATION		 3,948	 42
Provision for Taxation	3	(1,027)	(15)
NET PROFIT AFTER TAXATION		2,921	27
RETAINED EARNINGS BROUGHT FORWARD		653	8
Interim Dividend		(651)	(6)
Proposed Final Dividend		(1,394)	(13)
		<hr/> (2,045)	<hr/> (19)
Total Dividends			
Retained Earnings Carried Forward		<hr/> <hr/> 1,529	<hr/> <hr/> 16

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1996

	Notes	Lines \$'000	Other \$'000
SHAREHOLDERS EQUITY			
Issued and Paid Up Capital		26,596	124
Revaluation Reserve	4	39,889	0
Retained Earnings		1,529	16
TOTAL SHAREHOLDERS EQUITY		<u>68,014</u>	<u>140</u>
Represented by:			
CURRENT ASSETS			
Cash and Bank Balances		1,876	101
Accounts Receivable	5	245	91
Inventories		498	0
TOTAL CURRENT ASSETS		2,619	192
Less			
CURRENT LIABILITIES			
Accounts Payable	6	393	68
Provision for Dividend		1,394	13
TOTAL CURRENT LIABILITIES		<u>1,787</u>	<u>81</u>
WORKING CAPITAL		832	111
NON CURRENT ASSETS			
Goodwill	7	424	0
Fixed Assets	8	66,758	29
		<u>67,182</u>	<u>29</u>
NET ASSETS		<u>68,014</u>	<u>140</u>

The accompanying notes form part of these financial statements.

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

1. STATEMENT OF ACCOUNTING POLICIES

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

Financial information is presented for the line business and other business activities the Company is involved with that are described within section 6(3) of the Electricity (Information Disclosure) Regulations 1994.

Comparative figures are not presented because amendments to the Electricity (Information Disclosure) Regulations 1994 and changes in interpretation of those Regulations have resulted in the 1996 figures being prepared on a different basis to the 1995 figures.

The financial statements have been prepared on the basis of historical cost, with the exception of certain items for which specific accounting policies are identified.

(a) Customer Contributions

Contributions from customers, in relation to the construction of new lines for the network, and contributions from district councils, towards the costs of replacing overhead lines with underground cables, are accounted for as income in the year in which they are received.

(b) Capital and Operating Expenditure

Capital expenditure relates to expenditure incurred in the creation of a new asset and expenditure incurred on existing reticulation system assets to the extent the system is enhanced.

Operating expenditure relates to expenditure which restores an asset closer to its original condition and includes expenditure incurred in maintaining and operating the fixed assets of the Company.

(c) Depreciation

Depreciation is charged in accordance with rates determined by the Inland Revenue Department as follows:

Globo Distribution System	5% on net book value 1/4/87
Network Reticulation System	5 to 26.4% on diminishing value
Buildings	1 to 2.5% of cost
Motor Vehicles	20 to 31.2% on diminishing value
Plant and Office Equipment	8 to 60% on diminishing value

Depreciation for taxation purposes recognises that:

- Additions to the network reticulation system exclude any allocation of indirect costs.
- Only 80% of the book value of the Globo distribution system at 1 April 1987 is depreciable.

(d) Taxation

The taxation charge is the estimated liability payable in respect of the accounting profit for the year, adjusted for non assessable income and non deductible costs and including any adjustments in respect of prior years. Deferred taxation is not recognised as the timing differences are not expected to reverse within the foreseeable future.

(e) Accounts Receivable

Accounts receivable are stated at estimated realisable value after making provision for doubtful debts. Bad debts are written off during the period in which they are identified

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)**

(f) Inventories

Inventories held for the extension and replacement of the network reticulation system are valued at cost determined on a FIFO basis. Provision is made for obsolescence where applicable.

(g) Goodwill

Goodwill representing the excess arising on the issue of shares for the carrying value of net assets transferred from South Canterbury Electric Power Board and Timaru Electricity is being amortised on a straight line basis over five years commencing 1 April 1994.

Other goodwill, if any, is amortised over the period of expected benefit. The carrying value of goodwill is reviewed annually by the Directors and adjusted where it is considered necessary.

(h) Fixed Assets

All fixed assets are initially recorded at cost. Network reticulation system assets are subsequently revalued to net current value as determined by an independent valuer using the optimised deprival valuation method. Other Fixed assets are stated at cost less an allowance for depreciation.

Change in Accounting Policy

In previous years the network reticulation assets were stated at cost less an allowance for depreciation. To better reflect the value of these assets the Directors have determined that the net current value be stated for this class of assets. The initial valuation on this basis was done as at 31 March 1996. As a result of this change the value of fixed assets has increased by \$39,888,555 and total shareholders' equity has increased by the same amount.

(i) Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and bank balances, receivables and trade creditors. These instruments are generally carried at their estimated fair value. For example receivables are carried net of the related provision for doubtful debts. The particular recognition methods are disclosed in the notes for each item.

(j) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis.

(k) Changes in Accounting Policies

As described in note 1 (h) there has been a change in the accounting policy adopted for fixed assets. Apart from this, there have been no other changes in accounting policies, which have been applied on bases consistent with previous years.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)

2. OPERATING REVENUE

	Lines	Other
Operating revenue comprises:		
Use of System Charges	9,301	-
Contracting Revenue	-	641
Customer Contributions	795	
Sundry - Other	149	7
	<u>10,245</u>	<u>648</u>

3. TAXATION

Income Tax Expense

Operating Surplus before Income Tax	3,948	42
Add/(Deduct)		
Permanent Differences	(70)	
Non Assessable Income	(402)	
Timing Differences	9	5
Taxable Income	<u>3,485</u>	<u>47</u>

Taxation Charge @ 33%	1,150	15
Prior Year Under / (Over) Provisions	(123)	-

Income Tax Expense	<u>1,027</u>	<u>15</u>
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Taxation Liability

Income Tax Expense	1,027	15
Add/(Deduct)		
Income Tax Paid	(1,027)	(15)

Provision for Tax	<u>0</u>	<u>0</u>
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Tax Effect of Timing Differences

Deferred tax is not established in the financial statements as timing differences are not expected to reverse in the foreseeable future. The main timing difference relates to holiday pay accrued for accounting purposes but not deductible. If deferred tax was established there would be a deferred tax asset of \$66,488.

Imputation Credit Account

Opening Balance	1,111	-
Imputation Credits Attached to Dividends Paid in the Year	(1,117)	(3)
Net Income Tax Payments During the Year	1,027	15
Closing Balance	<u>1,021</u>	<u>12</u>

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)

4. RESERVES

	Lines	Other
Asset Revaluation Reserve		
Balance at Beginning of the Year	-	-
Net Revaluations	39,889	
Balance at End of the Year	<u>39,889</u>	

5. ACCOUNTS RECEIVABLE

The balance of Accounts Receivable comprises:

Trade Receivables	19	91
Due by Shareholder District Councils	226	-
Total	<u>245</u>	<u>91</u>

6. ACCOUNTS PAYABLE

The balance of Accounts Payable comprises:

	Lines	Other
Trade Payables	165	43
Employee Entitlements	228	25
	<u>393</u>	<u>68</u>

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)**

7. GOODWILL

Goodwill relates to the excess balance arising on the issue of shares for the carrying value of net assets transferred from Timaru Electricity and South Canterbury Electric Power Board.

This goodwill is being written off in equal instalments over a five year period commencing 1st April 1994.

8. FIXED ASSETS

	Lines	Other
DISTRIBUTION SYSTEM		
At Valuation	65,790	
Capital Work in Progress	791	
	<hr/> 66,581	<hr/> 0
VEHICLES & PLANT		
Cost	486	127
Less Accumulated Depreciation	309	98
	<hr/> 177	<hr/> 29
	<hr/> 66,758	<hr/> 29

Valuation of the Network Reticulation System

Valuation of the Network Reticulation System is at net current value on an existing use basis, as at 31 March 1996, and was conducted by Joanna Sofield BMS(Hons) and Govind Saha PhD MBA, Partners of the firm Ernst & Young.

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)**

9. CONTINGENT LIABILITIES

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 1996.

10. CAPITAL COMMITMENTS

In respect of the business activities being reported on, the Company has capital commitments amounting to \$1,468,659 as at 31 March 1996.

11. FINANCIAL INSTRUMENTS

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of bank deposits and accounts receivable. The maximum credit risk is the book value of these financial instruments however, the Company considers the risk of non recovery of these amounts to be minimal.

The Company places its cash and bank deposits with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution.

The Company continually evaluates and monitors the credit quality of its customers. There is a concentration of credit risk in relation to activities with associated entities. This risk is managed indirectly through appointments to the governing bodies of these associated entities.

Fair Value

The carrying value of cash and bank deposits, accounts receivable and accounts payable is equivalent to their fair value.

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1994**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)**

12. RELATED PARTY TRANSACTIONS

Shareholders

All transactions between the Company and its Shareholder District Councils have been conducted on a commercial basis. Charges between the parties are made for services provided as part of the normal trading activities of the Company, and as such have been incorporated into the operating costs and revenues of the Company.

	Lines	Other
Revenues from Shareholder District Councils		
- Contracting Activities	-	216
Payments to Shareholder District Councils		
- Rates, Rents	26	-

Trading balances due from Shareholder District Councils are shown in note 5.

Associated Entities

Transactions with Associated Entities include:

- Charges to United Electricity Limited for use of the Company's network reticulation system, and use of Trans Power's transmission system; meter reading; and, office services and rents.
- Payments to United Electricity Limited for electricity.

Revenues from Associated Entities	8,220	-
Payments to Associated Entities	44	-

Trading balances due from Associated Entities, are shown in note 5.

No related party debts have been written off or forgiven during the year.

ALPINE ENERGY LIMITED**FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1996**

Pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1. Financial Performance Measures

(a)	Accounting Return on Total Assets	4.91%
(b)	Accounting Return on Equity	3.63%
(c)	Accounting Rate of Profit	-10.38%

2. Efficiency Performance Measures

(a)	Direct Line Costs per Kilometre	\$865
(b)	Indirect Line Costs per Electricity Customer	\$45

Pursuant to Regulation 14A of the Electricity (Information Disclosure) Regulations 1994:

The ODV value of the network reticulation system as at 31 March 1996 is \$65,790,000.

ALPINE ENERGY LIMITED**ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND
STATISTICS
FOR THE YEAR ENDED 31 MARCH 1996**

Pursuant to Regulation 15 and Part III of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1. Energy Delivery Efficiency Performance Measures and Statistics

a) Load Factor	63.05%
b) Loss Ratio	5.01%
c) Capacity Utilisation	32.82%

2. Statistics

(a)	System Length (km)	Underground (c)	Overhead (b)	Total
	230/400V	3	158	161
	11kV	155	2,669	2,824
	22/33kV	206	345	551
	Total	364	3,172	3,536
(d)	Transformer Capacity	246,795 kVA		
(e)	Maximum Demand	81,000 kW		
(f)	Electricity Supplied	425 GWH		
(g)	Electricity Conveyed for Unrelated Parties	103 GWH		
(h)	Total Customers at 31/3/96	26,945		

ALPINE ENERGY LIMITED**RELIABILITY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1996**

Pursuant to Regulation 16 and Part IV of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1.	Number of Interruptions:		
	Class A	3	
	Class B	12	
	Class C	79	Includes an estimate of 3 U/G
	Class D	7	
	Total	101	
2.	Faults/100km	2.23	
3.	Faults/100km U/G	0.82	11kV
		0.0	22kV
		0.0	33kV
		0.82	Total
4.	Faults/100km O/H	2.8	11kV
		2.3	22kV
		2.3	33kV
		2.4	Total

		A	B	C	D	E	F	G	Total
5,6	SAIDI	37	14	58	73	0	0	0	182
7,8	SAIFI	0.11	0.04	0.72	1.79	0	0	0	2.66
9,10	CAIDI	334	383	81	41	0	0	0	69

FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES**FOR THE YEAR ENDED 31 MARCH 1995**

Pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1. Financial Performance Measures

(a)	Accounting Return on Total Assets	6.84%
(b)	Accounting Return on Equity	5.24%
(c)	Accounting Rate of Profit	5.17%

2. Efficiency Performance Measures

(a)	Direct Line Costs per Kilometre	\$1,985.84
(b)	Indirect Line Costs per Electricity Customer	\$55.05

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS FOR THE YEAR ENDED 31 MARCH 1995

Pursuant to Regulation 15 and Part III of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1. Energy Delivery Efficiency Performance Measures and Statistics

(a)	Load Factor	65.26%
(b)	Loss Ratio	5.13%
(c)	Capacity Utilisation	31.35%

2. Statistics

(a)	System Length (km) (c)	Underground (b)	Overhead	Total
	>11kV	3	301	304
	11kV	152	2,433	2,585
	<11kV	205	346	551
	Total	360	3,080	3,440
(d)	Transformer Capacity	250,000 kVA		
(e)	Maximum Demand	78,370 kW		
(f)	Electricity Supplied	425 GWH		
(g)	Electricity Conveyed for Unrelated Parties	100 GWH		
(h)	Total Customers at 31/3/95	27,100		

RELIABILITY PERFORMANCE MEASURES

Pursuant to Regulation 16 and Part IV of the First Schedule of the Electricity (Information Disclosure) Regulations 1994:

1. Number of Interruptions:

Class A	4	
Class B	22	
Class C	106	Includes an estimate of 3 U/G
Class D	1	
Total	133	

2.	Faults/100km	3.08	
3.	Faults/100km U/G	0.83	Assumes all 11kV
4.	Faults/100km O/H	3.34	Assumes all 11kV

		A	B	C	D	Total
5,6	SAIDI	54	19	66	1	140
7,8	SAIFI	0.19	0.14	1.1	0.03	1.43
9,10	CAIDI	280	129	60	40	98

Price Waterhouse Centre
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Price Waterhouse



ALPINE ENERGY LIMITED

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 Alpine Energy 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

Chartered Accountants

Christchurch
12 September 1996

Price Waterhouse Centre
119 Armagh Street
Christchurch, New Zealand
PO Box 13 250

Telephone 0 3 379 0040
Fax 0 3 379 5677

Price Waterhouse



ALPINE ENERGY LIMITED

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

We have examined the attached financial statements prepared by Alpine Energy 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.

Price Waterhouse

Chartered Accountants

Christchurch
12 September 1996



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New Zealand

■ Phone: 04 499 4888
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**Certification by Auditor in Relation to ODV Valuation
of Network Assets**

I have examined the valuation report prepared by Alpine Energy dated 24 April 1996 which contains valuations as at 31 March 1996 for the network assets of Alpine Energy. The report does not cover non-network fixed assets.

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

A handwritten signature in black ink, appearing to read 'D Foy', written over a vertical line.

Denis Foy
Partner
Ernst & Young
8 August 1996

Form 5

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

We, John Hubert Stubbs and Antony James Sleigh of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of Alpine Energy 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 Alpine Energy 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 31st March 1996.



J.H. Stubbs



A.J. Sleigh

12 September, 1996

