



New Zealand Gazette

OF THURSDAY, 7 AUGUST 1997

WELLINGTON: MONDAY, 11 AUGUST 1997 — ISSUE NO. 86

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 Alfred Stone
.....

Declared at *Dannevirke* this *1st* day of *August* 19*97*

A. W. Lidington J.P.
.....

Justice of the Peace ~~(or Solicitor or~~ *H. C. Lidington, J.P.*
~~other person authorised to take a~~ *Joinery Manufacturer*
~~statutory declaration).~~ *2 Chamberlain Street,*
Dannevirke

MARIE SHROFF.
Clerk of the Executive Council.

SCANPOWER**FINANCIAL STATEMENTS PREPARED
FOR THE ELECTRICITY (Information Disclosure)
REGULATIONS 1994****FOR THE YEAR ENDED 31 MARCH 1997**

Reg 26(2)

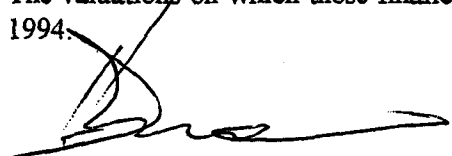
Form 5

**CERTIFICATE 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 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

19 June 1997


Peter Clayton

19 June 1997



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 1997 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.

V F Sears
Audit New Zealand
On behalf of the Controller and Auditor-General
20 June 1997
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 1997 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
20 June 1997
Palmerston North, New Zealand

SCANPOWER LTD**INTRODUCTION**

The information disclosed in the 1997 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 1997

	Notes	Lines Business		Energy Business	
		1997 \$	1996 \$	1997 \$	1996 \$
REVENUE					
Electricity Revenue		4,307,356	3,829,912	5,372,592	4,836,341
Other Income	1	407,583	490,673	1,674,887	1,916,220
		4,714,939	4,320,585	7,047,479	6,751,561
Less Customer Discounts		1,021,022	900,000	500,000	446,175
TOTAL REVENUE		3,693,917	3,420,585	6,547,479	6,305,386
EXPENSES					
Electricity business and other costs		3,438,914	3,396,668	6,494,403	6,204,554
TOTAL EXPENSES		3,438,914	3,396,668	6,494,403	6,204,554
OPERATING SURPLUS BEFORE TAXATION.		255,003	23,917	53,076	100,832
Taxation Expense	2	92,677	16,212	17,515	33,268
OPERATING SURPLUS AFTER TAXATION		162,326	7,705	35,561	67,564

SCANPOWER LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1997

	Notes	Lines Business		Energy Business	
		1997 \$	1996 \$	1997 \$	1996 \$
SHAREHOLDERS FUNDS					
Retained Earnings & Reserves	3	7,482,156	7,338,685	1,213,759	1,169,243
TOTAL SHAREHOLDERS FUNDS		7,482,156	7,338,685	1,213,759	1,169,243
CURRENT ASSETS					
Bank and Cash on Hand		44,660	48,456	47,608	100,245
Short Term Investments	6	1,367,183	1,062,726	882,817	1,481,176
Tax Provision		-	24,120	-	10,233
Accounts Receivable	4	12,294	86,137	483,980	1,157,331
Prepayments and Accruals		31,024	73,211	303,325	285,213
Inventories	5	80,395	92,907	395,712	352,348
Total Current Assets		1,535,556	1,407,557	2,113,442	2,999,146
NON CURRENT ASSETS					
Investments	6	-	-	1,500	-
Fixed Assets	7	6,435,989	6,295,827	86,674	1,326,320
Capital Work In Progress		12,266	22,674	-	-
Total Non Current Assets		6,448,255	6,318,441	88,174	1,326,320
TOTAL ASSETS		7,983,811	7,726,998	2,201,616	4,325,466
CURRENT LIABILITIES					
Accounts Payable	8	169,161	167,915	762,740	1,157,331
Proposed Dividend		15,000	10,000	15,000	15,000
Employee Entitlements		221,622	176,875	63,298	1,157,331
Tax Provision		56,092	-	116,036	-
TOTAL CURRENT LIABILITIES		461,875	354,810	957,074	2,330,000
NON CURRENT LIABILITIES					
Term Loans	9	24,900	24,900	-	-
Deferred Taxation		14,880	(10,692)	30,783	30,783
Total Non - Current Liabilities		39,780	14,208	30,783	30,783
TOTAL LIABILITIES		501,655	369,018	987,857	2,360,783
NET ASSETS		7,482,156	7,338,685	1,213,759	1,964,683

For and behalf of the Board

Johnna Grant
CHAIRMAN

AFOA
GENERAL MANAGER

SCANPOWER LIMITED

PERFORMANCE INDICATORS

FOR THE YEAR ENDED 31 MARCH 1997

1997 1996 1995

1. FINANCIAL PERFORMANCE MEASURES

Accounting Return on Total Assets	-0.12%	-1.44%	-1.67%
Accounting Return on Equity	-0.71%	-1.55%	-1.95%
Accounting Rate of Profit	-0.70%	-1.54%	-1.83%

2. EFFICIENCY PERFORMANCE INDICATORS

Direct Line Costs per Kilometre	\$899	\$866	\$693
Indirect Line Costs per Customer	\$68	\$57	\$61

3. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

Load Factor	66.50%	66.55%	64.11%
Loss Ratio	7.34%	7.95%	7.79%
Capacity Utilisation	26.32%	26.04%	26.06%

4. STATISTICS

Circuit Length of Overhead System			
11 KV	765	765	789
400 V	197	197	189
Total	962	962	978

Circuit Length of Underground System			
400 V	33	32	31
Total	33	32	31

System Length			
11 KV	765	765	789
400 V	230	229	220
Total	995	994	1,009

Transformer Capacity	53,157	54,425	54,055
----------------------	--------	--------	--------

Maximum Demand KW	13,971	14,176	14,089
-------------------	--------	--------	--------

Total Electricity Supplied from Systems (Sales) Kwhr	75,584,065	76,281,299	72,965,022
--	------------	------------	------------

Electricity on behalf of other entities	-	-	-
---	---	---	---

Total Customers	6,700	6,700	6,713
-----------------	-------	-------	-------

Number of Faults per 100 circuit kilometre overhead			
11 KV	15	9	11
Total	15	9	11

Total Interruptions 1997

CLASS	A	B	C	D	E	F	G	TOTAL
SAIDI	28	74.68	50.58	18.55	0	0	0	171.81
SAIFI	0.23	0.5975	0.5517	0.324	0	0	0	1.7032
CAIDI	122	125	92	57	0	0	0	101
INTERRUPTIONS	1	99	113	2	0	0	0	215

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
INTERRUPTIONS	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
INTERRUPTIONS	1	88	84	5	0	0	0	178

SCANPOWER LTD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1997

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.

Transmission costs are allocated back to the network. 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 1997. 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.

SCANPOWER Limited has entered into electricity price hedging contracts with electricity generators in order to minimise the risk of price fluctuations on the electricity spot market. Assets, liabilities, and any unrealised revenues and expenses associated with these instruments as at balance date are not recognised in the financial statements. Realised revenues and expenses are recognised in the statement of financial performance on maturity of the hedging contracts and are incorporated as part of the cost of wholesale electricity.

Full disclosure of information about electricity price hedging contracts to which **SCANPOWER** Limited is a party is provided in note 14.

SCANPOWER Limited has various financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations electricity spot market prices. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

SCANPOWER Limited has entered into electricity price hedging contracts with electricity generators in order to minimise the risk of price fluctuations on the electricity spot market. Assets, liabilities and any unrealised revenues and expenses associated with these instruments as at balance date are not recognised in the financial statements. Realised revenues and expenses are recognised in the statement of financial performance on maturity of the hedging contracts and are incorporated as part of the cost of wholesale electricity.

Full disclosure of information about electricity price hedging contracts to which **SCANPOWER** Limited is a party is provided in note 14.

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 1997

	<u>Lines Business</u>		<u>Energy Business</u>	
	1997	1996	1997	1996
	\$	\$	\$	\$
Note 1: Other Income				
Network Contracting	245,982	332,022	-	-
Interest Income	161,601	158,651	-	-
Appliance Sales, Servicing and Wiring	-	-	1,674,886	1,915,220
	<u>407,583</u>	<u>490,673</u>	<u>1,674,886</u>	<u>1,915,220</u>
Note 2: Taxation				
<i>Taxation Reconciliation</i>				
Accounting net operating surplus before taxation	255,003	23,917	53,076	100,832
Taxation at 33%	84,151	7,893	17,515	33,275
Plus Tax Effect of:				
Non Deductible Expenditure	8,526	8,319	-	-
Timing Differences not Recognised	-	-	-	-
Tax Loss not Previously Recognised	-	-	-	-
Income Tax Charge for the year	<u>92,677</u>	<u>16,212</u>	<u>17,515</u>	<u>33,275</u>
Comprising:				
Current Taxation	73,808	32,814	15,553	41,892
Deferred Taxation	18,869	(16,602)	1,962	(8,624)
	<u>92,677</u>	<u>16,212</u>	<u>17,515</u>	<u>33,268</u>
Deferred Taxation Liability:				
Opening Balance	10,697	(5,905)	(28,821)	(37,445)
Less Prior Period Adjustment	-	-	-	-
Current Year Movement	(25,577)	16,602	(1,962)	8,624
	<u>(14,880)</u>	<u>10,697</u>	<u>(30,783)</u>	<u>(28,821)</u>
Note 3: Retained Earnings & Reserves				
(i) Retained Earnings				
Balance at beginning of the year	66,867	69,162	233,861	176,297
Net Surplus for the year	162,326	7,705	35,561	67,564
Dividends Paid and Proposed	(15,000)	(10,000)	(15,000)	(10,000)
Equity Adjustments	-	-	-	-
Balance at end of the year	<u>214,193</u>	<u>66,867</u>	<u>254,422</u>	<u>233,861</u>
(ii) Reserves				
Capital	6,544,523	6,602,964	955,482	897,041
Adjustment to Capital	(3,855)	(58,441)	3,855	58,441
Share Premium Reserve	185,025	185,025	-	-
Asset Revaluation Reserve	542,270	542,270	-	-
Balance at end of the year	<u>7,267,963</u>	<u>7,271,818</u>	<u>959,337</u>	<u>955,482</u>
Total Retained Earnings & Reserves	<u>7,482,156</u>	<u>7,338,685</u>	<u>1,213,759</u>	<u>1,189,343</u>
Note 4: Accounts Receivable				
Trading Debtors	-	-	476,752	571,450
GST Clearing Account	-	-	7,229	44,280
Miscellaneous	12,294	86,137	-	-
	<u>12,294</u>	<u>86,137</u>	<u>483,981</u>	<u>615,730</u>
Note 5: Inventories				
Network and Contracting Stocks	80,395	92,907	-	-
Appliance & Servicing Stocks	-	-	374,338	375,393
Energy Marketing Stocks	-	-	21,374	23,955
	<u>80,395</u>	<u>92,907</u>	<u>395,712</u>	<u>399,348</u>

	Lines Business		Energy Business	
	1997 \$	1996 \$	1997 \$	1996 \$
Note 6: Investments				
(I) CURRENT				
Short term deposits held with registered banks	1,367,183	571,507	882,817	548,016
Government & SOE Bonds	-	511,219	-	-
	<u>1,367,183</u>	<u>1,082,726</u>	<u>882,817</u>	<u>548,016</u>
(II) NON CURRENT				
Government & SOE Bonds	-	511,219	-	-
Note 7: Fixed Assets				
Distribution Assets				
At Cost	8,807,175	8,503,900	-	-
Accumulated Depreciation	(4,025,898)	(3,769,126)	-	-
Total carrying amount of distribution assets	<u>4,781,277</u>	<u>4,734,774</u>	-	-
Freehold Land				
At Valuation - 16 February 1996	111,900	127,900	-	-
Total carrying amount of free hold land	<u>111,900</u>	<u>127,900</u>	-	-
Freehold Buildings				
At Valuation - 16 February 1996	976,981	1,018,000	-	-
Accumulated Depreciation	(23,033)	(3,309)	-	-
Total carrying amount of freehold buildings	<u>953,948</u>	<u>1,014,691</u>	-	-
Motor Vehicles				
At Cost	472,947	440,409	187,474	161,614
Accumulated Depreciation	(211,957)	(242,767)	(118,807)	(102,195)
Total carrying amount of Motor Vehicles	<u>260,990</u>	<u>197,642</u>	<u>68,667</u>	<u>59,419</u>
Plant and Equipment				
At Cost	362,832	254,273	22,010	20,508
Accumulated Depreciation	(162,665)	(136,135)	(4,003)	(3,726)
Total carrying amount of Plant and Equipment	<u>200,167</u>	<u>118,138</u>	<u>18,007</u>	<u>16,782</u>
Computer Equipment				
At Cost	313,075	246,098	-	-
Accumulated Depreciation	(185,370)	(143,416)	-	-
Total carrying amount of Computer Equipment	<u>127,705</u>	<u>102,682</u>	-	-
Total Fixed Assets	<u>4,435,987</u>	<u>4,295,827</u>	<u>86,674</u>	<u>76,201</u>
Note 8: Accounts Payable				
Electricity Customers*	-	-	846	187,637
Trade Creditors	105,793	169,650	752,902	614,352
Customer Deposits	13,020	11,900	-	-
Other Creditors & Accruals	50,348	5,465	8,992	-
	<u>169,161</u>	<u>187,015</u>	<u>762,740</u>	<u>801,989</u>

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

	Lines Business		Energy Business	
	1997	1996	1997	1996
	\$	\$	\$	\$
Note 9: Loan Liability (Non Current)				
Closing Balance	24,900	24,900	-	-

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 to 31/03/97:

Feasibility Studies*	134,181	7,239	-	-
Total expenditure capitalised	134,181	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.

*In addition to this, there are discounts for fees totalling \$32,173 so far that will have to be repaid.

Note 11: Capital Commitments and Contingent Liabilities

As at 31 March 1997, the company has no contingent liabilities (1995/96 also Nil).

SCANPOWER has not entered into any contracts to purchase or install equipment of a capital nature (1995/96 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.

Revenue - Electricity price hedging contracts

SCANPOWER has entered into electricity price hedges with its generators. Under these agreements SCANPOWER agrees with its electricity generators, a fixed price (hedge price) for a percentage of its estimated electricity needs. It is SCANPOWER Ltd's current policy to hedge so that its exposure to spot market prices always falls within the Value at Risk (V.A.R) envelope set by the Directors. It is SCANPOWER policy not to enter into any speculative position in relation to electricity price hedging contracts.

On maturity of the electricity price hedges any difference between the hedge price and the spot market price is settled between the parties. Settlement occurs irrespective of the amount of electricity actually supplied. If the spot market price is greater than the hedge price, electricity generators must settle the difference with SCANPOWER. Conversely if the spot market price is less than the hedge price, SCANPOWER must settle the difference with electricity generators.

Credit Risk - Electricity price hedging contracts

With respect to electricity price hedges, SCANPOWER exposure is on any potential difference between the spot price and the hedge price, where on maturity of these agreements the spot price is greater than the hedge price. SCANPOWER does not anticipate any non-performance of any obligations which may exist on maturity of these agreements.

Fair Value - Electricity price hedging contracts

The fair value of electricity price hedging contracts can vary from day to day as the spot market price for electricity varies. As at balance date the secondary market for electricity price hedging contracts was not sufficiently active in order to obtain a reliable measure of the fair value of SCANPOWER hedging contracts. On maturity of these agreements there is potentially an asset or liability in relation to the electricity price hedges which has not been recognised in the financial statements. As at balance date the contract amount of the electricity hedging activity amounted to \$12,749,412 covering the period from October 1996 to September 2001.



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 Scan POWER Limited and dated 31 March 1997 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.

V F Sears
Audit New Zealand
On behalf of the Controller and Auditor-General
20 June 1997
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, appearing to read 'Ernst & Young', written in black ink.

**Ernst & Young
Chartered Accountants
Palmerston North
28 July 1995**



