

# New Zealand Gazette

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## WAITOMO ENERGY SERVICES LIMITED

### INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994

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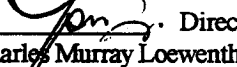
**“Certification of Financial Statement, Performance Measures, and Statistics  
Disclosed by Line Owners Other than Trans Power”**

**WE, Charles Murray Loewenthal and Robert Alexander Kidd, Directors of Waitomo Energy Services Limited, certify that, having made all reasonable inquiry, to the best of our knowledge, -**

- (a) The attached audited financial statements of **Waitomo Energy Services 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 **Waitomo Energy Services 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 1997.

Signature:

  
\_\_\_\_\_  
(Charles Murray Loewenthal) Director

Signature:

  
\_\_\_\_\_  
(Robert Alexander Kidd) Director

Date:

6/8/97.



## Waitomo Energy Services Ltd

### 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 Waitomo Energy Services Limited and dated 31 March 1997 for the purposes of Regulation 13 of those regulations.

I certify that, having made all reasonable enquiries, to the best of my knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in cursive script, appearing to read 'G R Finch', written over a horizontal line.

G R Finch  
KPMG

On behalf of the Controller and Auditor-General  
Wellington, New Zealand

30 July 1997



## Waitomo Energy Services Ltd

### Certification by Auditor in Relation to Financial Statements

I have examined the attached financial statements prepared by Waitomo Energy Services Limited and dated 31 March 1997 for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiries, 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.

A handwritten signature in cursive script, appearing to read 'G.R. Finch', written over a horizontal line.

G.R. Finch  
KPMG

On behalf of the Controller and Auditor-General  
Wellington, New Zealand

30 July 1997

**WAITOMO ENERGY SERVICES LIMITED****Electricity and Other Business Activity  
Statement of Financial Performance  
For Year Ending 31st March 1997**

|  | <u>Note</u> | 1997<br>\$<br>000 | 1996<br>\$<br>000 |
|--|-------------|-------------------|-------------------|
| <b>Income</b>                          |             |                   |                   |
| Electricity                            |             | 7,893             | 7,172             |
| Other                                  |             | 2,981             | 2,412             |
| Interest (net)                         |             | <u>518</u>        | <u>529</u>        |
|  |             | 11,392            | 10,113            |
| <br>                                   |             |                   |                   |
| Electricity Costs                      |             | 5,663             | 5,198             |
| Cost of Goods & Services Supplied      |             | 2,710             | 2,158             |
| Projects                               |             | 131               | 193               |
| Corporate Expenses                     |             | 876               | 607               |
| Gain on Sale                           |             | (17)              | 0                 |
| Depreciation                           |             | <u>259</u>        | <u>207</u>        |
|  |             | 9,622             | 8,363             |
| <br>                                   |             |                   |                   |
| Abnormal Expenses                      |             | -                 | 180               |
| <br>                                   |             |                   |                   |
| Net Profit before Tax and Discount     |             | 1,770             | 1,570             |
| Taxation expense                       | 2           | <u>590</u>        | <u>584</u>        |
| Net Profit After Tax                   |             | <u>1,180</u>      | <u>986</u>        |
| <br>                                   |             |                   |                   |
| Customer Discount                      | 3           | 495               | 391               |
| Net Profit after Tax and Discount      |             | 684               | 595               |
| Retained Earnings at Beginning of Year |             | <u>1,503</u>      | <u>908</u>        |
| Total Retained Earnings                |             | <u>2,187</u>      | <u>1,503</u>      |

**WAITOMO ENERGY SERVICES LIMITED****Electricity and Other Business Activity  
Statement of Financial Position  
As At 31st March 1997**

|                              | <u>Note</u> | 1997<br>\$<br>000 | 1996<br>\$<br>000 |
|------------------------------|-------------|-------------------|-------------------|
| <b>CORPORATE FUNDS</b>       |             |                   |                   |
| Share Capital                |             | 1,992             | 8,013             |
| Retained Earnings            |             | 2,187             | 1,503             |
| Revaluation Reserve          |             | <u>6,207</u>      | <u>181</u>        |
|                              |             | <u>10,386</u>     | <u>9,697</u>      |
| <br>                         |             |                   |                   |
| Fixed Assets                 | 4           | 10,224            | 4,172             |
| Investments                  |             | <u>63</u>         | <u>5,426</u>      |
|                              |             | 10,287            | 9,598             |
| <br>                         |             |                   |                   |
| <b>Current Assets</b>        |             |                   |                   |
| Cash                         |             | (38)              | 74                |
| Receivables and Prepayments  |             | 1,439             | 1,324             |
| Work in Progress             |             | 39                | 79                |
| Inventory                    |             | <u>463</u>        | <u>421</u>        |
|                              |             | 1,903             | 1,898             |
| <br>                         |             |                   |                   |
| <b>Total Assets Employed</b> |             | 12,190            | 11,496            |
| <br>                         |             |                   |                   |
| <b>Term Liabilities</b>      |             |                   |                   |
| Deferred Tax                 | 5           | (350)             | (224)             |
| <br>                         |             |                   |                   |
| <b>Current Liabilities</b>   |             |                   |                   |
| Accounts Payable             |             | 1,184             | 1,189             |
| General Provisions           |             | 484               | 488               |
| Customer Discount Provision  |             | <u>486</u>        | <u>346</u>        |
|                              |             | 2,154             | 2,023             |
| <br>                         |             |                   |                   |
| <b>Total Liabilities</b>     |             | <u>1,804</u>      | <u>1,799</u>      |
| <br>                         |             |                   |                   |
| <b>Net Assets Employed</b>   |             | <u>10,386</u>     | <u>9,697</u>      |

**WAITOMO ENERGY SERVICES LIMITED**  
**Electricity and Other Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

**NOTE 1:**  
**NATURE OF COMPANY'S BUSINESS**

The Company's core business is the distribution, generation and retail of electricity and associated services.

**STATUTORY BASE**

Waitomo Energy Services was incorporated under the Companies Act 1955 in accordance with the Energy Companies Act 1992. The assets of the Company were transferred from the Waitomo Electric Power Board in accordance with an Order in Council dated 7th May 1993. All assets were transferred at net book value as at 31st March 1993. The Company has since re-registered under the Companies Act 1993.

**STATEMENT OF ACCOUNTING POLICIES**

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

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed except where revaluation of assets are incorporated, and other items disclosed in the accounting policies listed below.

Accrual accounting is used to match expenses with revenues. Reliance is placed on the fact that the Company is a going concern. The accounts are prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

**(a) Debtors**

Debtors are stated at their estimated realisable value.

**(b) Fixed Assets**

The Company has five classes of fixed assets:

- Freehold Land
- Freehold Buildings
- Motor Vehicles, Plant and Equipment
- Distribution System
- Generation Assets

Land and Buildings were revalued by Hughes Valuations on 31st March 1997 based on estimated market value.

Generation assets are valued at cost except the headworks, these were revalued by Grant Samuel on 31st March 1997 to an estimated net present value as at 31st March 1997. This valuation is lower than the depreciated replacement cost of the assets as calculated by Worleys.

**WAITOMO ENERGY SERVICES LIMITED**  
**Electricity and Other Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

The distribution system has been revalued to its optimised depreciated value by an electrical engineer and audited by Coopers & Lybrand, with the exception of

- 11kV and low voltage distribution lines which have been valued at 70% of optimised deprival value, (odv).
- Meters and Load Control Relays are included at cost.

Increases in valuations have been transferred to the Revaluation Reserve in Equity.

Motor Vehicles, Plant and Equipment and all other assets have been valued at cost less accumulated depreciation.

**(c) Staff Leave and Gratuity Payments**

Provision is made in respect of the Company's liability for annual leave and gratuity payments. At the balance date retiring gratuities have been accrued in respect of all employees with more than 10 years service with the Company and aged 45 years or over. Gratuity payment is paid on the retirement of an employee who has at the time of retirement been currently continuously employed by the Company for a period of at least 10 years.

**(d) Depreciation**

Depreciation is provided on either a straight line or a diminishing value basis on all fixed assets other than freehold land and perpetually renewable distribution assets, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful life.

Major depreciation rates and methods:

|                                    |               |                   |
|------------------------------------|---------------|-------------------|
| Buildings and generation headworks | 40-100 years  | Straight Line     |
| Generation Plant                   | 10%           | Diminishing Value |
| Motor Vehicles, plant & equipment  | 10% to 50%    | Diminishing Value |
| Network plant & equipment          | 20 - 50 years | Straight Line     |
| Land is not depreciated.           |               |                   |

Infrastructural accounting has been adopted for those parts of the distribution asset that are perpetually renewed. This means:

- (i) The asset is not depreciated
- (ii) Asset replacements are expensed in the year of replacement, unless the replacement of any individual asset materially increases the network odv value in which case the asset is capitalised to the extent of the increase in odv value.
- (iii) Any reductions in odv value of the network asset due to inadequate maintenance are expensed in the year of inadequate maintenance.

Other components which are separately identifiable and have a finite life e.g. 33kV substation transformers are depreciated.



**WAITOMO ENERGY SERVICES LIMITED**  
**Electricity and Other Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

**(e) Inventory**

Stocks are stated at the lower of cost, determined on an average cost basis, or net realisable value.

**(f) Investments**

Short term deposits and shares are stated at the lower of cost or estimated realisable value.

**(g) Taxation**

Income tax expense is recognised on the operating surplus before taxation adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or a provision for deferred tax. The future tax benefit or provision for deferred tax is stated at the income tax prevailing at balance date.

Future tax benefits are not recognised unless realisation of the asset is virtually certain.

The Company uses the liability method of accounting for deferred taxation at the income tax rate prevailing at balance date and applies this on a comprehensive basis.

**(h) Financial Instruments**

The Company has entered into transactions using financial instruments as part of its ongoing business activities. These transactions are accounted for on the basis of the accounting policies set out above. The Company also enters into off balance sheet financial instruments in electricity purchase hedges.

**(i) Principles of Consolidation**

The accounts of Economic Energy Ltd (previously Task Consultancy Ltd) have been consolidated in 1997 using the purchase method. Consolidation has only been performed for the period following the acquisition of 100% of the shares. Prior to this time the equity method of consolidation has been used.

**(j) Changes in Accounting Policies**

In order to bring published statements in line with the Information Disclosure Regulations, infrastructural accounting has been adopted for the distribution system assets. This has lowered the depreciation charged on distribution system assets, and increased distribution maintenance costs.

Distribution assets which replace existing assets and have no material impact on odv value are expensed in their year of purchase. The previous policy of capitalising significant pole replacements has ceased.

The effect of this has been to decrease Network Depreciation by \$585,120 and increase Network System Costs by \$309,274 a net increase in profit of \$275,846.

**WAITOMO ENERGY SERVICES LIMITED**  
**Electricity and Other Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

Holiday pay has been accrued for all employees to 31 March 1997. This is a change in policy from previous years, where the accrual was made to the individual employee's anniversary date. The effect of this change in policy has decreased profit in the current year by \$80,000. The additional expenditure has been recorded in Other Expenses.

The accounting policy for valuing investments has been changed to record the investment at the lower of cost or net realisable value. Previously investments were valued at cost, less any share of post acquisition increases/decreases in net assets. The effect on the balance sheet in the current year is to reduce the value of investments by approximately \$18,000.

Consolidation of Economic Energy Ltd (formerly Task Consultancy Ltd) has been performed for the first time. The effect on the accounts is not significant.

Some 1996 comparative figures have been restated to ensure consistency in reporting. The net effect of these restatements on the financial statements is nil.

**WAITOMO ENERGY SERVICES LIMITED**  
**Electricity and Other Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

**NOTE 2:****Taxation Expense**

|   |                   |
|---|-------------------|
| Nominal Profit Before Tax               | 1,769,892         |
| Prima Facie Taxation @ 33%              | 584,064           |
| Add/(Less) Effect of Permanent Tax Diff | 8,411             |
| Plus Prior Period Liability             | <u>(2,162)</u>    |
| Net Taxation Expense                    | <u>\$ 590,313</u> |

**NOTE 3:****Customer Discount**

|                      |                   |
|----------------------|-------------------|
| Discount Declared    | 739,147           |
| Less Taxation Effect | <u>243,918</u>    |
|                      | <u>\$ 495,228</u> |

**NOTE 4:****Fixed Assets 1997**

|                          | Cost             | At Valuation     | Accumulated<br>Depreciation | Carrying<br>Value |
|--------------------------|------------------|------------------|-----------------------------|-------------------|
| Land                     |                  | 142,088          |                             | 142,088           |
| Buildings                |                  | 859,488          |                             | 859,488           |
| Distribution System      | 1,844,726        | 7,079,347        | 270,189                     | 8,653,884         |
| MV Plant & Equipment     | 795,369          |                  | 366,709                     | 428,660           |
| Capital Work in Progress | 139,910          |                  |                             | 139,910           |
|                          | <u>2,780,005</u> | <u>8,080,923</u> | <u>636,898</u>              | <u>10,224,030</u> |

**Fixed Assets 1996**

|                          | Cost             | At Valuation   | Accumulated<br>Depreciation | Carrying<br>Value |
|--------------------------|------------------|----------------|-----------------------------|-------------------|
| Land                     |                  | 174,588        |                             | 174,588           |
| Buildings                |                  | 736,788        | 26,377                      | 710,411           |
| Distribution System      | 2,964,326        |                | 216,420                     | 2,747,906         |
| MV Plant & Equipment     | 822,252          |                | 283,484                     | 538,768           |
| Capital Work in Progress | 0                |                |                             | 0                 |
|                          | <u>3,786,578</u> | <u>911,376</u> | <u>526,281</u>              | <u>4,171,673</u>  |

**WAITOMO ENERGY SERVICES LIMITED**  
**Electricity and Other Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

**NOTE 5:****Deferred Taxation**

Represented by the following timing differences:

|                       |                    |
|-----------------------|--------------------|
| Accruals & Provisions | <u>\$(349,525)</u> |
|-----------------------|--------------------|

**NOTE 6: FINANCIAL INSTRUMENTS****Fair Values**

The fair values of financial instruments are considered to be not materially different from the carrying values shown in the Financial Statements.

**Credit Risk**

Financial instruments which potentially subject the Company to credit risk principally consist of bank deposits and accounts receivable.

Credit risk with respect to bank deposits is reduced by spreading deposits with a range of high credit quality financial institutions.

Credit risk in respect of debtors is limited due to the large numbers of customers. These debtors are subject to credit control and, with the exception of hire purchase debtors, are unsecured.

Credit risk in respect to electricity hedges at balance date is regarded by the Directors as being minimal.

**NOTE 7: CONTINGENT LIABILITIES**

The Company has underwritten \$746,667 of PowerBuy Group Limited's exposure to the Spot Market.

The Company has obtained a credit facility by way of 'Letter of Credit' to a value of \$454,458 from the Bank of New Zealand in favour of the National Bank of New Zealand Limited on behalf of PowerBuy Group Limited.

**NOTE 8: SEGMENTAL INFORMATION**

Waitomo Energy Services operates predominantly in one geographical segment. It is located in the mid-central North Island in the King Country. The head office is located in the township of Te Kuiti.

**NOTE 9: OTHER SERVICES PROVIDED BY AUDITORS**

In addition to the audit fees of \$16,000 to KPMG, the Company has also paid to them \$25,898 for other services provided.

**WAITOMO ENERGY SERVICES LIMITED****Line Business Activity  
Statement of Financial Performance  
For Year Ending 31st March 1997**

|  | <u>Note</u> | 1997<br>\$<br>000 | 1996<br>\$<br>000 |
|--|-------------|-------------------|-------------------|
| <b>Income</b>                          |             | 9,246             | 8,749             |
| Transmission costs                     |             | (2,443)           | (2,466)           |
| Line losses                            |             | <u>(680)</u>      | <u>( 644)</u>     |
|  |             | 6,123             | 5,639             |
| <b>System Costs</b>                    |             | 1,736             | 1,623             |
| Insurance                              |             | 72                | 72                |
| Indirect costs                         |             | 877               | 866               |
| Interest                               |             | 199               | 181               |
| Asset Replacement                      |             | 209               | 0                 |
| Loss on Sale                           |             | 30                | 0                 |
| Depreciation                           |             | <u>291</u>        | <u>876</u>        |
|  |             | 3,414             | 3,618             |
| <br>                                   |             |                   |                   |
| Net Profit before Tax and Discount     |             | 2,709             | 2,021             |
| Taxation expense                       | 2           | <u>721</u>        | <u>634</u>        |
| Net Profit After Tax                   |             | <u>1,988</u>      | <u>1,387</u>      |
| <br>                                   |             |                   |                   |
| Customer Discount                      | 3           | 1,005             | 795               |
| Net Profit after Tax and Discount      |             | 982               | 592               |
| Retained Earnings at Beginning of Year |             | <u>1,536</u>      | <u>944</u>        |
| Total Retained Earnings                |             | <u>2,518</u>      | <u>1,536</u>      |

**WAITOMO ENERGY SERVICES LIMITED****Line Business Activity  
Statement of Financial Position  
As At 31st March 1997**

|                              | <u>Note</u> | 1997<br>\$<br>000 | 1996<br>\$<br>000 |
|------------------------------|-------------|-------------------|-------------------|
| <b>CORPORATE FUNDS</b>       |             |                   |                   |
| Share Capital                |             | 6,021             | 8,000             |
| Retained Earnings            |             | 2,518             | 1,536             |
| Revaluation Reserve          |             | <u>18,982</u>     | <u>( 49)</u>      |
|                              |             | <u>27,521</u>     | <u>9,487</u>      |
| <b>Fixed Assets</b>          | 4           | 31,324            | 11,775            |
| Investments                  |             | <u>0</u>          | <u>850</u>        |
|                              |             | 31,324            | 12,625            |
| <b>Current Assets</b>        |             |                   |                   |
| Cash                         |             | 0                 | 0                 |
| Receivables and Prepayments  |             | 1,388             | 1,291             |
| Inventory                    |             | 462               | 445               |
| Work in Progress             |             | <u>6</u>          | <u>0</u>          |
|                              |             | 1,856             | 1,736             |
| <b>Total Assets Employed</b> |             | 33,180            | 14,361            |
| <b>Term Liabilities</b>      |             |                   |                   |
| Loans                        | 5           | 3,000             | 3,000             |
| Deferred Tax                 | 6           | <u>411</u>        | <u>528</u>        |
|                              |             | 3,411             | 3,528             |
| <b>Current Liabilities</b>   |             |                   |                   |
| Accounts Payable             |             | 413               | 395               |
| General Provisions           |             | 347               | 248               |
| Short Term Loan              |             | 500               | 0                 |
| Customer Discount Provision  |             | <u>988</u>        | <u>703</u>        |
|                              |             | 2,248             | 1,346             |
| <b>Total Liabilities</b>     |             | <u>5,659</u>      | <u>4,874</u>      |
| <b>Net Assets Employed</b>   |             | <u>27,521</u>     | <u>9,487</u>      |

**WAITOMO ENERGY SERVICES LIMITED**  
**Line Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

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**WAITOMO ENERGY SERVICES LIMITED**  
**Line Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

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Depreciation is provided on either a straight line or a diminishing value basis on all fixed assets other than freehold land and perpetually renewable distribution assets, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful life.

Major depreciation rates and methods:

|                                    |               |                   |
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| Buildings and generation headworks | 40-100 years  | Straight Line     |
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**WAITOMO ENERGY SERVICES LIMITED**  
**Line Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

**(e) Inventory**

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**(h) Financial Instruments**

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The effect of this has been to decrease Network Depreciation by \$585,120 and increase Network System Costs by \$309,274 a net increase in profit of \$275,846.

**WAITOMO ENERGY SERVICES LIMITED****Line Business Activity****Notes to the Financial Statements****For the Year Ending 31st March 1997**

Holiday pay has been accrued for all employees to 31 March 1997. This is a change in policy from previous years, where the accrual was made to the individual employee's anniversary date. The effect of this change in policy has decreased profit in the current year by \$80,000. The additional expenditure has been recorded in Other Expenses.

The accounting policy for valuing investments has been changed to record the investment at the lower of cost or net realisable value. Previously investments were valued at cost, less any share of post acquisition increases/decreases in net assets. The effect on the balance sheet in the current year is to reduce the value of investments by approximately \$18,000.

Consolidation of Economic Energy Ltd (formerly Task Consultancy Ltd) has been performed for the first time. The effect on the accounts is not significant.

Some 1996 comparative figures have been restated to ensure consistency in reporting. The net effect of these restatements on the financial statements is nil.

**WAITOMO ENERGY SERVICES LIMITED**  
**Line Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

**NOTE 5:**  
**Periods of Repayment**  
**Perpetual**

|  |           |
|--|-----------|
| The perpetual loans are subordinated debentures issued to: | 3,000,000 |
| - Waitomo Energy Services Customer Trust                   |           |
| \$1,000,000 at a rate of 11%                               |           |
| - Northern King Country Development Trust                  |           |
| \$2,000,000 at a rate of 5.0%                              |           |

The subordinated debentures are unsecured.

**NOTE 6:**  
**Deferred Taxation**

Represented by the following timing differences:

|                         |                  |
|-------------------------|------------------|
| - Fixed Assets          | 845,402          |
| - Accruals & Provisions | <u>(434,734)</u> |
|                         | <u>410,668</u>   |

**NOTE 7: FINANCIAL INSTRUMENTS**

**Fair Values**

The fair values of financial instruments are considered to be not materially different from the carrying values shown in the Financial Statements.

**Credit Risk**

Financial instruments which potentially subject the Company to credit risk principally consist of bank deposits and accounts receivable.

Credit risk with respect to bank deposits is reduced by spreading deposits with a range of high credit quality financial institutions.

Credit risk in respect of debtors is limited due to the large numbers of customers. These debtors are subject to credit control and, with the exception of hire purchase debtors, are unsecured.

Credit risk in respect to electricity hedges at balance date is regarded by the Directors as being minimal.

**NOTE 8: SEGMENTAL INFORMATION**

Waitomo Energy Services operates predominantly in one geographical segment. It is located in the mid-central North Island in the King Country. The head office is located in the township of Te Kuiti.

**WAITOMO ENERGY SERVICES LIMITED**  
**Line Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ending 31st March 1997**

**NOTE 2:**

|   |                             |
|---|-----------------------------|
| <b>Taxation Expense</b>                 |                             |
| Nominal Profit Before Tax               | 2,709,108                   |
| Prima Facie Taxation @ 33%              | 894,006                     |
| Add/(Less) Effect of Permanent Tax Diff | (172,702)                   |
| Plus Prior Period Liability             | <u>                    </u> |
| Net Taxation Expense                    | <u>\$ 721,304</u>           |

**NOTE 3:**

|                          |                    |
|--------------------------|--------------------|
| <b>Customer Discount</b> |                    |
| Discount Declared        | 1,500,691          |
| Less Taxation Effect     | <u>495,228</u>     |
|                          | <u>\$1,005,463</u> |

**NOTE 4:****Fixed Assets 1997**

|                          | Cost             | At Valuation      | Accumulated<br>Depreciation | Carrying<br>Value |
|--------------------------|------------------|-------------------|-----------------------------|-------------------|
| Land                     | 99,126           | 23,500            |                             | 122,626           |
| Buildings                |                  | 464,972           |                             | 464,972           |
| Distribution System      | 728,144          | 28,846,979        | 135,603                     | 29,439,520        |
| MV Plant & Equipment     | 1,515,405        |                   | 697,656                     | 817,749           |
| Capital Work in Progress | <u>479,071</u>   |                   |                             | <u>479,071</u>    |
|                          | <u>2,821,746</u> | <u>29,335,451</u> | <u>833,259</u>              | <u>31,323,938</u> |

**Fixed Assets 1996**

|                          | Cost              | At Valuation   | Accumulated<br>Depreciation | Carrying<br>Value |
|--------------------------|-------------------|----------------|-----------------------------|-------------------|
| Land                     |                   | 28,500         |                             | 28,500            |
| Buildings                |                   | 447,800        | 9,349                       | 438,451           |
| Distribution System      | 12,054,123        |                | 1,870,389                   | 10,183,734        |
| MV Plant & Equipment     | 1,186,891         |                | 497,312                     | 689,579           |
| Capital Work in Progress | <u>435,246</u>    |                |                             | <u>435,246</u>    |
|                          | <u>13,676,260</u> | <u>476,300</u> | <u>2,377,050</u>            | <u>11,775,510</u> |

## WAITOMO ENERGY SERVICES LTD

Disclosure of financial and efficiency performances measures as required 13,14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

## Year ended 31 March

|   | 1997         | 1996         | 1995         |
|---|--------------|--------------|--------------|
| <b>Regulation 13:</b>   |              |              |              |
| 1. Financial performance measures                               |              |              |              |
| (a) Accounting return on total assets                           | 7.64%        | 7.13%        | 6.24%        |
| (b) Accounting return on equity                                 | 5.67%        | 5.41%        | 4.74%        |
| (c) Accounting rate of profit                                   | 5.25%        | 5.07%        | 4.71%        |
| 2. Efficiency performance measures                              |              |              |              |
| (a) Direct line costs per kilometre                             | \$706        | \$690        | \$662        |
| (b) Indirect line costs per electricity customer.               | \$68         | \$70         | \$72         |
| 3. (a) Load Factor  | 60.28%       | 56.34%       | 56.25%       |
| (b) Loss Ratio  | 8.64%        | 8.86%        | 8.89%        |
| (c) Capacity Utilisation  | 34.12%       | 35.82%       | 35.66%       |
| <b>Regulation 14a:</b>  |              |              |              |
| 4. As at 1st April 1997 the ODV Valuation of the lines business |              |              |              |
| (a) As certified by Coopers & Lybrand was \$39.51 million       |              |              |              |
| (b) Without financial and other assets was \$39.94 million      |              |              |              |
| (c) Without meters and relays was \$37.57 million               |              |              |              |
| <b>Regulation 15:</b>   |              |              |              |
| Statistics  |              |              |              |
| (a) System lengths (kms)  |              |              |              |
| - 33kV  | 204          | 204          | 204          |
| - 11kV  | 2,220        | 2,220        | 2,220        |
| - LV  | <u>138</u>   | <u>138</u>   | <u>138</u>   |
| - Total   | <u>2,562</u> | <u>2,562</u> | <u>2,562</u> |
| (b) Circuit length (overhead) (kms)                             |              |              |              |
| - 33kV  | 204          | 204          | 204          |
| - 11kV  | 2,214        | 2,214        | 2,214        |
| - LV  | <u>123</u>   | <u>123</u>   | <u>123</u>   |
| - Total   | <u>2,541</u> | <u>2,541</u> | <u>2,541</u> |
| (c) Circuit length (underground) (kms)                          |              |              |              |
| - 11 kV   | 6            | 6            | 6            |
| - LV  | <u>15</u>    | <u>15</u>    | <u>15</u>    |
| - Total   | <u>21</u>    | <u>21</u>    | <u>21</u>    |
| (d) Transformer capacity (kVA)                                  | 82,758       | 81,109       | 78,211       |
| (e) Maximum demand (kW)   | 28,240       | 29,050       | 27,890       |
| (f) Total electricity supplied (kWH)(000's)                     | 134,571      | 130,673      | 125,228      |
| (g) Total electricity conveyed on behalf of other persons.      | 0            | 0            | 0            |
| (h) Total customer  | 9,525        | 8,961        | 8,740        |
| (i) Total metered installations                                 | 12,948       | 12,305       | 11,674       |

|   | Year ended 31 March |             |             |
|---|---------------------|-------------|-------------|
|   | 1997                | 1996        | 1995        |
| <i>Regulation 16:</i>   |                     |             |             |
| 5. (1) Reliability performance measures   |                     |             |             |
| Class A   | 0                   | 0           | 0           |
| Class B   | 511                 | 350         | 290         |
| Class C   | 385                 | 369         | 300         |
| Class D   | 10                  | 12          | 4           |
| Class E   | 0                   | 0           | 0           |
| Class F   | 0                   | 0           | 0           |
| Class G   | <u>0</u>            | <u>0</u>    | <u>0</u>    |
| Total   | <u>906</u>          | <u>731</u>  | <u>594</u>  |
| (2) Total number of faults per 100 circuit kilometres prescribed voltage electric lines.                | 14.7                | 14.4        | 12.1        |
| (3) Total number of faults per 100 circuit kilometres of underground prescribed voltage electric lines. |                     |             |             |
| - 33kV  | 0                   | 0           | 0           |
| - 11kV  | <u>16.7</u>         | <u>4.8</u>  | <u>33.3</u> |
| - Total   | <u>16.7</u>         | <u>4.8</u>  | <u>33.3</u> |
| (4) Total number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines.    |                     |             |             |
| - 33kV  | 13.2                | 16.7        | 9.8         |
| - 11kV  | <u>14.7</u>         | <u>15.0</u> | <u>12.3</u> |
| - Total   | <u>14.7</u>         | <u>14.5</u> | <u>12.1</u> |
| (5) The SAIDI for total of interruptions  | 866.3               | 714.92      | 886.4       |
| (6) The SAIDI for total of interruptions within each interruptions class -                              |                     |             |             |
| Class A   | 0                   | 0           | 0           |
| Class B   | 368.7               | 331.05      | 398.7       |
| Class C   | 460.5               | 370.15      | 468.8       |
| Class D   | 37.09               | 13.71       | 18.8        |
| Class E   | 0                   | 0           | 0           |
| Class F   | 0                   | 0           | 0           |
| Class G   | 0                   | 0           | 0           |
| (7) The SAIFI for total of interruptions  | 11.00               | 11.03       | 9.59        |

|  | Year ended 31 March |        |        |
|--|---------------------|--------|--------|
|  | 1997                | 1996   | 1995   |
| (8) The SAIFI for total of interruptions<br>within each interruption class - |                     |        |        |
| Class A  | 0                   | 0      | 0      |
| Class B  | 1.90                | 1.68   | 1.52   |
| Class C  | 7.76                | 9.08   | 7.59   |
| Class D  | 1.34                | 0.27   | 0.47   |
| Class E  | 0                   | 0      | 0      |
| Class F  | 0                   | 0      | 0      |
| Class G  | 0                   | 0      | 0      |
| (9) The CAIDI for total of interruptions                                     | 78.78               | 64.81  | 92.43  |
| (10) The CAIDI for total interruptions<br>within each interruption class -   |                     |        |        |
| Class A  | 0                   | -      | -      |
| Class B  | 194.30              | 196.73 | 262.33 |
| Class C  | 59.35               | 40.76  | 61.77  |
| Class D  | 27.68               | 51.37  | 40.04  |
| Class E  | 0                   | -      | -      |
| Class F  | 0                   | -      | -      |
| Class G  | 0                   | -      | -      |

Coopers  
& Lybrand

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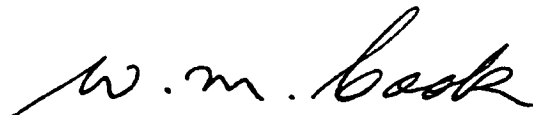
1 July 1997

The Directors  
Waitomo Energy Services Limited  
P O Box 281  
TE KUITI

**CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION  
OF WAITOMO ENERGY SERVICES' LINES BUSINESS**

I have examined the valuation report prepared by Coopers & Lybrand and dated 30 May 1997, which report contains valuations as at 31 March, 1997.

2. 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.



WILLIAM MURRAY COOK

1 July 1997

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