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CENTRAL ELECTRIC LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

CENTRAL ELECTRIC LIMITED

STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO SECRETARY OF COMMERCE

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

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

MLC.....

Declared at Alexandra this 25th day of July 1997.

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

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

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

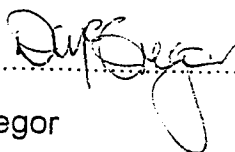
- a. The attached audited financial statements of Central Electric Limited prepared for the purposes of Regulation 6 of the Electricity (Information disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those Regulations; and
- (b) The attached information, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Central Electric Limited, and having been prepared for the purposes of Regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those financial measurements are based are as at 31 March 1997.



.....

M R Naylor



.....

N G McGregor

25 July 1997



Peat Marwick

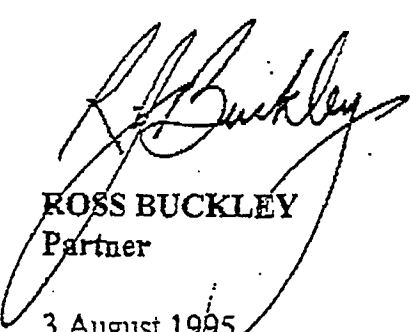
Chartered Accountants

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

CENTRAL ELECTRIC LIMITED

I have examined the valuation report prepared by KPMG Peat Marwick and dated 2 August 1995, which report contains valuations as at 31 March 1995.

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



ROSS BUCKLEY
Partner

3 August 1995



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Central Electric Limited and dated 04 August 1997 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

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



R B Robertson

Audit New Zealand

on behalf of the Controller and Auditor-General

04 August 1997

Dunedin, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being -

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

and having been prepared by Central Electric Limited and dated 04 August 1997 for the purposes of regulation 13 of those regulations.

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


R. Bruce Robertson

Audit New Zealand

on behalf of the Controller and Auditor-General

04 August 1997

Dunedin, New Zealand

CENTRAL ELECTRIC LIMITED

**LINE BUSINESS STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1997****GENERAL ACCOUNTING POLICIES**

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

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

SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

SPECIFIC ACCOUNTING POLICIES**Revenue**

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

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

Expenditure

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

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

Taxation

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

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

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

Accounts Receivable

Accounts receivable are valued at net realisable value.

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

Stock

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

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

Other Current Assets

The other current assets shown in the Balance Sheet have been allocated on the basis of an equal share per respective business.

Current Liabilities

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

Cash at Bank and Investments

Investments are recorded at cost. Cash at Bank are the balances held at the bank. Investments and Cash at Bank have been allocated on the basis of relative funding requirements per Business.

Fixed Assets and Depreciation

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

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

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

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

Term Liabilities

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

CENTRAL ELECTRIC LIMITED

LINE BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1997

	31.03.97	31.03.96
	\$	\$
Gross Income	13,334,141	12,609,964
less Discount	504,038	479,966
Net Income	<u>12,830,103</u>	<u>12,129,998</u>
Less Expenditure:		
National Grid Transmission Charges	2,760,827	2,870,664
Operating Costs	3,127,801	3,139,243
Overheads	2,878,677	2,589,483
	<u>8,767,305</u>	<u>8,599,390</u>
Earnings before Depreciation, Interest and Taxation	4,062,798	3,530,608
Less:		
Depreciation	1,808,069	1,353,885
Interest	12,946	12,946
	<u>1,821,015</u>	<u>1,366,831</u>
Net Profit before Tax	2,241,783	2,163,777
Less Taxation	<u>671,079</u>	<u>439,394</u>
Net Profit after Tax	1,570,704	1,724,393
Less Dividend	<u>32,665</u>	<u>31,004</u>
Transferred to Retained Earnings	<u>\$1,538,039</u>	<u>\$1,693,379</u>

CENTRAL ELECTRIC LIMITED

LINE BUSINESS UNIT
Statement of Financial Position as at 31 March 1997

	31.03.97	31.03.96
	\$	\$
Equity		
Issues and paid up Capital	18,741,812	18,741,812
Share Premium Reserve	1,332,446	1,332,446
Retained Earnings	5,773,636	4,235,597
Total Equity	\$25,847,894	\$24,309,855
Represented by:		
Current Assets	1,386,296	2,666,653
Less: Current Liabilities	921,085	1,272,433
Net Working Capital	\$465,211	\$1,394,220
Non Current Assets		
Investments	--	64,322
Fixed Assets	25,506,583	22,975,213
Total Assets	\$25,971,794	\$24,433,755
Less Non Current Liabilities		
Term Liabilities	123,900	123,900
Net Assets	\$25,847,894	\$24,309,855

LINE BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.97	31.03.96
	\$	\$
Debtors - less provision for doubtful debts	1,496,817	1,388,437
Stock	2,087,856	1,692,258
Cash at Bank	(2,268,886)	(695,520)
Other Current Assets	70,509	281,478
	<u>\$1,386,296</u>	<u>\$2,666,653</u>

2. Current Liabilities

	31.03.97	31.03.96
	\$	\$
Creditors	746,617	1,090,565
Provision for holiday pay	174,468	181,868
	<u>\$921,085</u>	<u>\$1,272,433</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.97 Net Book Value	31.03.96 Net Book Value
Reticulation	35,185,713	14,524,325	20,661,388	15,488,931
Land	278,979	--	278,979	--
Motor Vehicles	1,685,707	766,434	919,273	719,185
Plant	664,043	151,083	512,960	567,064
Furniture and Fittings	3,032	1,776	1,256	2,783
Computer Equipment	107,300	21,792	85,508	7,518
Office Equipment	1,753	443	1,310	--
Capital Work in Progress	767,330	--	767,330	3,987,182
Allocation of Corporate Services Assets	951,283	477,812	473,472	506,968
Allocation of Engineering Services Assets	2,242,948	437,839	1,805,107	1,695,582
	<u>\$41,888,087</u>	<u>\$16,381,504</u>	<u>\$25,506,583</u>	<u>\$22,975,213</u>

4. Optimised Deprival Valuation (ODV) of Reticulation Assets

	31.03.97	31.03.96
	\$	\$
Opening ODV Valuation at 31.3.95	46,558,396	46,558,396
Movements in ODV Valuation	--	--
Closing ODV Valuation	<u>46,558,396</u>	<u>46,558,396</u>
Net Book Value of Reticulation Assets at 31.3.95	14,425,225	14,425,225
ODV Valuation exceeds initial Net Asset Value by:	<u>\$32,133,171</u>	<u>\$32,133,171</u>

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

CENTRAL ELECTRIC LIMITED

DISCLOSURE OF FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REGULATION 13, 14, 15 AND 16 OF THE
ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

Regulation 13:

	31.03.97	31.03.96	31.03.95
1. Financial Performance Measures			
(a) Accounting Return on Total Assets	3.9%	3.9%	3.6%
(b) Accounting Return on Equity	2.8%	3.1%	2.4%
(c) Accounting Rate of Profit	2.7%	2.6%	2.4%
2. Efficiency Performance Measures			
(a) Direct Line Costs per Kilometre	\$1506.65	\$1537.71	\$1334.07
(b) Indirect Line Costs per Electricity Customer	\$157.71	\$147.13	\$118.06
3. Energy Delivery Efficiency Performance Measures			
(a) Load Factor	51.1%	45.9%	59.1%
(b) Loss Ratio	8.5%	9.4%	10.0%
(c) Capacity Utilisation	36.0%	42.3%	33.3%

Regulation 14A

4. The Optimised Deprival Valuation (established as at 31 March 1995) is \$46,558,396

Regulation 15:

5. Statistics			
(a) System Lengths (Kms) - 400V	384.0	368.0	357.1
- 6.6kV	29.3	29.3	29.3
- 11kV	1312.5	1276.7	1244.8
- 33kV	416.9	415.9	415.9
TOTAL	2142.7	2089.9	2047.1
(b) Circuit Length (overhead) (kms) - 400V	203.5	203.0	202.2
- 6.6kV	29.3	29.3	29.3
- 11kV	1232.1	1211.0	1201.5
- 33kV	414.5	413.5	413.5
TOTAL	1879.4	1856.8	1846.5
(c) Circuit Length (underground) (kms) - 400V	180.5	165.0	154.9
- 6.6kV	0.0	0.0	0.0
- 11kV	80.4	65.7	43.3
- 33kV	2.4	2.4	2.4
TOTAL	263.3	233.1	200.6
(d) Transformer Capacity (kVA)	182,347	166,087	156,660
(e) Maximum Demand (kW)	65,700	70,174	52,170
(f) Total Electricity Supplied (Kwh)	293,915,262	282,295,463	269,768,169
(g) Total Electricity conveyed on behalf of other parties	Nil	Nil	Nil
(h) Total Customers	18,885	18,250	17,280

Regulation 16:

	31.03.97	31.03.96	31.03.95
6. Reliability Performance Measures			
(a) Class A	0	0	0
Class B	153	144	161
Class C	136	199	149
Class D	0	1	3
Class E	0	0	0
Class F	0	0	0
Class G	0	0	0
TOTAL	289	344	313
(b) Total Number of Faults per 100 Circuit Kilometres of Lines	7.73	11.62	9.21
(c) Total Number of Faults per 100 circuit Kilometres of Underground Cable			
- 33kV	0.00	42.02	0.00
- 11kV	8.71	9.13	20.77
- 6.6kV	0.00	0.00	0.00
TOTAL	8.45	10.28	19.69
(d) Total Number of Faults per 100 Kilometers of Overhead Lines			
- 33kV	3.38	3.87	2.66
- 11kV	8.68	14.20	10.07
- 6.6kV	27.30	17.09	27.34
TOTAL	7.70	11.67	8.51
(e) The SAIDI for Total of Interruptions	216.44	431.73	285.67
(f) The SAIDI for Total of Interruptions within each Interruption Class			
Class A	0.00	0.00	0.00
Class B	113.23	76.72	81.36
Class C	103.22	339.16	183.18
Class D	0.00	15.85	21.13
Class E	0.00	0.00	0.00
Class F	0.00	0.00	0.00
Class G	0.00	0.00	0.00
(g) The SAIFI for Total of Interruptions	4.23	5.85	6.73
(h) The SAIFI for Total of Interruptions within each Interruption Class			
Class A	0.00	0.00	0.00
Class B	1.06	1.01	1.26
Class C	3.17	4.50	4.64
Class D	0.00	0.34	0.82
Class E	0.00	0.00	0.00
Class F	0.00	0.00	0.00
Class G	0.00	0.00	0.00
(i) The CAIDI for Total of Interruptions	51.17	73.85	42.47

(j) The CAIDI for Total of Interruptions within each Interruptions Class

Class A	0.00	0.00	0.00
Class B	107.13	75.75	64.57
Class C	32.53	75.43	39.44
Class D	0.00	47.10	25.69
Class E	0.00	0.00	0.00
Class F	0.00	0.00	0.00
Class G	0.00	0.00	0.00

CENTRAL ELECTRIC LIMITED

**ENERGY BUSINESS STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1997****GENERAL ACCOUNTING POLICIES**

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

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

SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

SPECIFIC ACCOUNTING POLICIES**Revenue**

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

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

Expenditure

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

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

Taxation

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

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

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

Accounts Receivable

Accounts receivable are valued at net realisable value.

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

Stock

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

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

Other Current Assets

The other current assets shown in the Balance Sheet have been allocated on the basis of an equal share basis per respective business.

Current Liabilities

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

Cash at Bank and Investments

Investments are recorded at cost. Cash at Bank are the balances held at the Bank. Investments and Cash at Bank have been allocated on the basis of relative funding requirements per business.

Fixed Assets and Depreciation

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

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

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

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

Term Liabilities

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

CENTRAL ELECTRIC LIMITED

ENERGY BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1997

	31.03.97	31.03.96
	\$	\$
Gross Income	18,410,844	18,507,417
less Discount	603,186	666,993
Net Income	<u>17,807,658</u>	<u>17,840,424</u>
Less Expenditure:		
Cost of Power Purchases	9,552,967	9,036,730
Cost of Goods Sold	4,392,399	5,428,444
Operating Costs	3,174,102	2,061,212
Overheads	479,964	571,352
	<u>17,599,432</u>	<u>17,097,738</u>
Earnings before Depreciation, Interest and Taxation	208,226	742,686
Less:		
Depreciation	80,288	54,743
Net Profit before Tax	127,938	687,943
Less Taxation	37,520	139,142
Net Profit after Tax	90,418	548,801
Less Dividend	1,826	9,867
Transferred to Retained Earnings	<u>\$88,592</u>	<u>\$538,934</u>

CENTRAL ELECTRIC LIMITED

ENERGY BUSINESS UNIT

Statement of Financial Position as at 31 March 1997

	31.03.97	31.03.96
	\$	\$
Equity		
Issued and paid up Capital	5,850,099	5,850,099
Share Premium Reserve	415,912	415,912
Retained Earnings	1,421,058	1,332,466
Total Equity	<u>7,687,069</u>	<u>7,598,477</u>
Represented by:		
Current Assets	5,234,606	5,357,363
Less: Current Liabilities	<u>1,302,047</u>	<u>1,586,567</u>
Net Working Capital	3,932,559	3,770,796
Non Current Assets		
Investments	--	49,595
Fixed Assets	<u>3,754,510</u>	<u>3,778,086</u>
Total Assets	<u>7,687,069</u>	<u>7,598,477</u>
Net Assets	<u>7,687,069</u>	<u>7,598,477</u>

ENERGY BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.97	31.03.96
	\$	\$
Debtors - less provision for doubtful debts	2,167,198	3,353,486
Stock	--	1,566,339
Cash at Bank	2,926,391	(317,494)
Other Current Assets	141,017	755,032
	<u>\$5,234,606</u>	<u>\$5,357,363</u>

2. Current Liabilities

	31.03.97	31.03.96
	\$	\$
Creditors	1,034,651	1,223,801
Sundry	113,544	94,322
Provision for Discount	74,100	74,100
Provision for Holiday Pay	79,752	194,344
	<u>1,302,047</u>	<u>1,586,567</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.97 Net Book Value	31.03.96 Net Book Value
Reticulation	65,257	18,044	47,213	43,940
Motor Vehicles	150,132	59,191	90,941	299,782
Plant	685	66	619	25,806
Furniture and Fittings	1,705	755	950	4,177
Office Equipment	1,226	233	993	1,581
Computer Equipment	5,129	2,966	2,163	6,347
Capital Work in Progress	--	--	--	3,640
Allocation of Corporate Services Assets	4,485,896	875,679	3,610,217	3,391,162
Allocation of Engineering Services Assets	2,840	1,426	1,413	1,651
	<u>\$4,712,870</u>	<u>\$958,360</u>	<u>\$3,754,510</u>	<u>\$3,778,086</u>

CENTRAL ELECTRIC LIMITED

**GENERATION BUSINESS STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1997****GENERAL ACCOUNTING POLICIES**

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

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

SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

SPECIFIC ACCOUNTING POLICIES**Revenue**

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

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

Expenditure

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

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

Taxation

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

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

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

Stock

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

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

Other Current Assets

The other current assets shown in the Balance Sheet have been allocated on the basis of an equal share basis per respective business.

Current Liabilities

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

Cash at Bank and Investments

Investments are recorded at cost. Cash at Bank are the balances held at the Bank. Investments and Cash at Bank have been allocated on the basis of relative funding requirements per business.

Fixed Assets and Depreciation

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

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

Investigation work on new hydro electric schemes has been capitalised.

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

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

Term Liabilities

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

CENTRAL ELECTRIC LIMITED

GENERATION BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1997

	31.03.97	31.03.96
	\$	\$
Gross Income	3,833,384	4,329,896
less Discount	492	457
Net Income	<u>3,832,892</u>	<u>4,329,439</u>
Less Expenditure:		
Operating Costs	963,452	813,568
Overheads	1,166,798	1,367,697
	<u>2,130,250</u>	<u>2,181,265</u>
Earnings before Depreciation, Interest and Taxation	1,702,642	2,148,174
Less:		
Depreciation	271,766	268,074
Interest	217,203	218,397
	<u>488,969</u>	<u>486,471</u>
Net Profit before Tax	1,213,673	1,661,703
Less Taxation	<u>363,412</u>	<u>336,869</u>
Net Profit after Tax	850,261	1,324,834
Less Dividend	<u>17,689</u>	<u>23,821</u>
Transferred to Retained Earnings	<u><u>\$832,572</u></u>	<u><u>\$1,301,013</u></u>

CENTRAL ELECTRIC LIMITED

GENERATION BUSINESS UNIT

Statement of Financial Position as at 31 March 1997

	31.03.97	31.03.96
	\$	\$
Shareholders Funds		
Issued and paid up Capital	10,408,089	10,408,089
Share Premium Reserve	739,962	739,962
Retained Earnings	3,545,381	2,712,809
Total Shareholders funds	14,693,432	13,860,860
Represented by:		
Current Assets	1,441,364	167,572
Less: Current Liabilities	398,646	356,385
Working Capital (Deficit)	1,042,718	(188,813)
Investments	3,550,287	4,186,557
Fixed Assets	13,100,427	12,863,116
Total Assets	17,693,432	16,860,860
Less: Term Liabilities	3,000,000	3,000,000
Net Assets	14,693,432	13,860,860

GENERATION BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.97	31.03.96
	\$	\$
Stock	NIL	15,148
Cash at Bank	324,423	(129,054)
Other Current Assets	70,509	281,478
Short Term Deposit	1,046,432	--
	<u>\$1,441,364</u>	<u>\$167,572</u>

2. Current Liabilities

	31.03.97	31.03.96
	\$	\$
Creditors	323,503	269,440
Provision for holiday pay	75,143	86,945
	<u>\$398,646</u>	<u>\$356,385</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.97 Net Book Value	31.03.96 Net Book Value
Generation	13,906,154	3,779,698	10,126,456	9,878,401
Plant	5,900	2,194	3,706	4,235
Vehicles	141,271	7,031	134,240	--
Capital Work in Progress	799,128	--	799,128	967,837
Allocation of Corporate Services Assets	2,242,948	437,839	1,805,108	1,695,582
Allocation of Engineering Services Assets	465,703	233,914	231,789	317,061
	<u>\$17,561,104</u>	<u>\$4,460,677</u>	<u>\$13,100,427</u>	<u>\$12,863,116</u>



