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## EASTLAND ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1994

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# **EASTLAND ENERGY LIMITED**

## **FINANCIAL STATEMENTS** for the separated Line and Energy Businesses

For the year ended 31 March 1997  
Prepared for the purposes of the Electricity  
(Information Disclosure) Regulations 1994

### **IMPORTANT NOTE**

The information disclosed in this 1997 Information Disclosure package issued by Eastland Energy 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 purposes 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 and are not a quote or estimate of rates or terms that will apply in the future.



Audit New Zealand

**REPORT OF THE AUDIT OFFICE**

We have examined the attached financial statements prepared by Eastland Energy Limited dated 17 July 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 'C R Dixon', written in a cursive style.

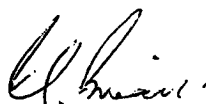
C R Dixon  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
11 August 1997  
Auckland, New Zealand

We, Robert S Briant and David J McLean, Directors of Eastland Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

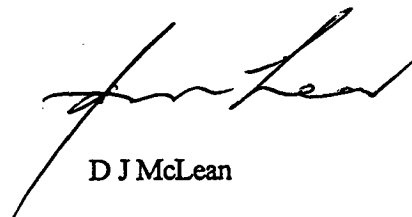
- (a) The attached audited financial statements of Eastland Energy Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and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

The valuations on which those financial performance measures are based are as at 31 March 1995.

8 August 1997



R S Briant



D J McLean

## CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 1997

	Note	1997			1996		
		Total \$000	Line \$000	Energy \$000	Total \$000	Line \$000	Energy \$000
Revenue	3	29,773	15,196	14,577	29,815	15,543	14,272
Less: Expenses	4	<u>(27,332)</u>	<u>(13,322)</u>	<u>(14,010)</u>	<u>(27,507)</u>	<u>(13,336)</u>	<u>(14,171)</u>
Operating Surplus before Taxation	2	2,441	1,874	567	2,308	2,207	101
Less: Taxation expense	5	<u>(818)</u>	<u>(629)</u>	<u>(189)</u>	<u>(839)</u>	<u>(810)</u>	<u>(29)</u>
Operating Surplus for the year		1,623	1,245	378	1,469	1,397	72
Less: Share losses of associate	9	<u>(38)</u>	<u>0</u>	<u>(38)</u>	<u>(37)</u>	<u>0</u>	<u>(37)</u>
Net surplus for the year		<u>1,585</u>	<u>1,245</u>	<u>340</u>	<u>1,432</u>	<u>1,397</u>	<u>35</u>

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

for the year ended 31 March 1997

	Note	1997			1996		
		Total \$000	Line \$000	Energy \$000	Total \$000	Line \$000	Energy \$000
Equity at beginning of year		<u>17,177</u>	<u>14,880</u>	<u>2,297</u>	<u>15,560</u>	<u>13,351</u>	<u>2,209</u>
Add:							
Net surplus for the year		1,585	1,245	340	1,432	1,397	35
Revaluation of Fixed Assets	14	<u>186</u>	<u>156</u>	<u>30</u>	<u>485</u>	<u>392</u>	<u>93</u>
Total recognised revenues and expenses for the year		<u>1,771</u>	<u>1,401</u>	<u>370</u>	<u>1,917</u>	<u>1,789</u>	<u>128</u>
Less: Distribution to shareholders		<u>(300)</u>	<u>(258)</u>	<u>(42)</u>	<u>(300)</u>	<u>(260)</u>	<u>(40)</u>
Equity at end of year		<u>18,648</u>	<u>16,023</u>	<u>2,625</u>	<u>17,177</u>	<u>14,880</u>	<u>2,297</u>

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 1997

	Note	1997			1996		
		Total \$000	Line \$000	Energy \$000	Total \$000	Line \$000	Energy \$000
<b>CURRENT ASSETS</b>							
Cash		5,314	5,089	225	3,897	3,560	337
Receivables	6	4,474	2,014	2,460	4,211	2,195	2,016
Tax receivable	5	97	74	23	291	278	13
Inventories	7	<u>1,230</u>	<u>835</u>	<u>395</u>	<u>1,261</u>	<u>805</u>	<u>456</u>
<b>TOTAL CURRENT ASSETS</b>		<u>11,115</u>	<u>8,012</u>	<u>3,103</u>	<u>9,660</u>	<u>6,838</u>	<u>2,822</u>
<b>NON-CURRENT ASSETS</b>							
Future tax benefit	5	544	544	0	607	607	0
Investments	8	13	0	13	0	0	0
Investments in associates	9	36	0	36	23	0	23
Fixed Assets	10	<u>20,642</u>	<u>19,562</u>	<u>1,080</u>	<u>20,531</u>	<u>19,498</u>	<u>1,033</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>21,235</u>	<u>20,106</u>	<u>1,129</u>	<u>21,161</u>	<u>20,105</u>	<u>1,056</u>
<b>TOTAL ASSETS</b>		<u>32,350</u>	<u>28,118</u>	<u>4,232</u>	<u>30,821</u>	<u>26,943</u>	<u>3,878</u>
<b>CURRENT LIABILITIES</b>							
Borrowings	11	14	7	7	8	8	0
Accounts payable	12	2,925	1,501	1,424	3,015	1,580	1,435
Provisions	13	<u>692</u>	<u>544</u>	<u>148</u>	<u>612</u>	<u>466</u>	<u>146</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,631</u>	<u>2,052</u>	<u>1,579</u>	<u>3,635</u>	<u>2,054</u>	<u>1,581</u>
<b>NON-CURRENT LIABILITIES</b>							
Borrowings	11	71	43	28	9	9	0
Term liabilities - subordinated debt		<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>10,071</u>	<u>10,043</u>	<u>28</u>	<u>10,009</u>	<u>10,009</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>		<u>13,702</u>	<u>12,095</u>	<u>1,607</u>	<u>13,644</u>	<u>12,063</u>	<u>1,581</u>
<b>NET ASSETS</b>		<u>18,648</u>	<u>16,023</u>	<u>2,625</u>	<u>17,177</u>	<u>14,880</u>	<u>2,297</u>
<b>SHAREHOLDERS EQUITY</b>							
Share capital		10,000	8,503	1,497	10,000	8,503	1,497
Reserves	14	2,390	1,882	508	2,236	1,758	478
Retained Earnings	15	<u>6,258</u>	<u>5,638</u>	<u>620</u>	<u>4,941</u>	<u>4,619</u>	<u>322</u>
<b>TOTAL SHAREHOLDERS EQUITY</b>		<u>18,648</u>	<u>16,023</u>	<u>2,625</u>	<u>17,177</u>	<u>14,880</u>	<u>2,297</u>

The accompanying notes are an integral part of these financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. STATEMENT OF ACCOUNTING POLICIES

#### 1.1 *Reporting Entity*

Eastland Energy Limited is a public company registered under the Companies Act 1955.

The Financial Statements are those of the Line Business and Energy Business of Eastland Energy Limited. The Retail and Contracting business is included in Energy Business as required by Regulation 6(5) of the Electricity (Information Disclosure) Regulations 1994.

These Financial Statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994. The Financial Statements have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

#### 1.2 *Measurement Base*

The Line Business operates a line business activity, as defined by regulation 2 of the Electricity (Information Disclosure) Regulations 1994, in the Gisborne district.

Included in Energy Business are all the other electricity activities (including the electricity trading and consultancy activities) of Eastland Energy Limited.

The Financial Statements are based on the general principles of historical cost accounting, including the going concern concept and the accrual basis of accounting, with the exception that certain fixed assets have been revalued. These policies have been followed on a consistent basis.

#### 1.4 *Methodology of Separation of Businesses*

Eastland Energy Limited has generally followed the Electricity Disclosure Guidelines as issued by the Ministry of Commerce dated 23 June 1994 with the exceptions noted below :

	<u>Description</u>	<u>Allocator</u>
Income		
	Disconnection Fees	Electricity Revenue
	Meter Check Readings	Electricity Revenue

## Expenses

Meter Reading	Shared Equally
Admin Salaries	Staff Numbers (F.T.E)
Advertising	Electricity Revenue
Audit Costs	Staff Numbers (F.T.E)
Bank Fees	Electricity Revenue
Directors' Fees	Staff Numbers (F.T.E)
Insurances (General)	Staff Numbers (F.T.E)
Marketing Research	Electricity Revenue
Postages	Equal Shares
Printing and Stationery	Electricity Revenue
Subscriptions	Staff Numbers (F.T.E)
Telecommunications	Staff Numbers (F.T.E)
Depreciation	Staff Numbers (F.T.E)

## Assets :

Cash	Gross Margin
Inventory	Work Type/Direct Costs
Customer Deposits	Electricity Revenue

1.4 *Specific Accounting Policies*

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

(a) *Accounting Period*

The financial statements cover the financial performance of the company for the year ended 31 march 1997 and the financial position of the company at the end thereof.

(b) *Associate Companies*

These are companies in which the group holds substantial shareholdings and in whose commercial and financial policy decisions it participates.

Associate companies have been reflected in the consolidated financial statements on an equity accounting basis which shows the groups share of profits in the consolidated statement of financial performance and its share of post-acquisition increases or decreases in net assets, in the consolidated statement of financial position.

(c) *Unlisted Companies*

Eastland Energy Limited wholly owns the following companies; Eastland Network Limited, Remote Metering Limited, Eastland Power Limited. As these companies had not traded at 31 March 1997, there has been no consolidation.



(d) *Revenue Recognition*

Revenues for all services are recognised when earned. Billings for services are made on a monthly, bi-monthly or quarterly basis. Unbilled revenue from the billing cycle date to the end of the financial reporting period is recognised as revenue during the period in which the service is provided. Profit and interest on hire purchase sales are recognised in full at the time of sale.

(e) *Fixed Assets*

Fixed assets are valued at cost or valuation less accumulated depreciation.

Freehold land and 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 as determined by an independent valuer.

(f) *Distinction between Capital and Revenue Expenditure*

Capital expenditure is defined as all expenditure on the creation of a new asset and any expenditure which results in a significant improvement of the original function of a total asset. Revenue expenditure is defined as expenditure which restores an asset to its original condition, or renews distribution network lines without increasing capacity, and all expenditure incurred in maintaining and operating the assets.

(g) *Depreciation*

Depreciation of tangible assets is provided on a straight line basis so as to allocate the cost or valuation of the fixed assets over their estimated economic lives after due allowance has been made for their expected residual value. Leased assets are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the asset. Additions are depreciated from the date of acquisition or commencement of use. Estimated economic lives of assets are as follows -

Buildings	:	40 - 100 years
Distribution System	:	10 - 50 years
Distribution Assets (pre 1987)	:	20 - 30 years
Furniture and Equipment	:	5 - 10 years
Motor Vehicles	:	5 years
Plant and Equipment	:	5 - 10 years.

(h) *Investments*

Investments are valued at cost.

(i) *Current Assets*

Accounts Receivable are valued at expected net realisable value. Inventory is valued at the lower of cost, determined on a weighted average basis, or net realisable value.

(j) *Taxation*

The income tax expense charged to the Statement of Financial Performance is the estimated liability in respect of the operating surplus for the year 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.

(k) *Leases*

The Company leases certain plant and equipment and land and buildings. Expenses relating to operating leases are charged against earnings as incurred. The lease liabilities are disclosed.

Finance leases, which effectively transfer to the entity substantially all of the risks and benefits incident to ownership of the leased item, are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are disclosed and the leased assets are depreciated over the period the entity is expected to benefit from their use.

(l) *Research and Development Costs*

Research and development costs are expensed in the period incurred. Development costs are deferred where future benefits are expected to exceed those costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

(m) *Foreign Currencies*

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction.

At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are included in the Statement of Financial Performance.

(n) *Changes in Accounting Policies*

There were no significant changes in Accounting Policies.

	1997			1996		
	Total \$000	Line \$000	Energy \$000	Total \$000	Line \$000	Energy \$000
<b>2. CONTINUING AND DISCONTINUED ACTIVITIES</b>						
Continuing Activities -						
Operating revenue	29,773	15,196	14,577	29,796	15,543	14,253
Operating surplus/(deficit)	2,441	1,874	567	2,322	2,207	115
Discontinued Activities -						
Operating revenue	0	0	0	19	0	19
Operating surplus/(deficit)	0	0	0	(14)	0	(14)
Totals -						
Operating revenue	29,773	15,196	14,577	29,815	15,543	14,272
Operating surplus/(deficit)	2,441	1,874	567	2,308	2,207	101
<b>3. REVENUE</b>						
Appliance sales and servicing	1,172	0	1,172	1,118	0	1,118
Sales of electricity	27,033	14,792	12,241	26,984	15,103	11,881
Other miscellaneous income	<u>1,569</u>	<u>405</u>	<u>1,164</u>	<u>1,713</u>	<u>440</u>	<u>1,273</u>
<b>Total Revenue</b>	<b><u>29,773</u></b>	<b><u>15,197</u></b>	<b><u>14,577</u></b>	<b><u>29,815</u></b>	<b><u>15,543</u></b>	<b><u>14,272</u></b>
<b>4. NET SURPLUS BEFORE TAXATION</b>						
Is stated after taking into account the following:						
Income from:						
Interest received	354	328	26	331	312	29
Charges in respect of:						
Audit fees	24	19	5			
Audit fees - Information Disclosure	4	3	1	28	20	8
Audit NZ - Consultancies	4	0	4			
Bad Debts	79	43	36			
Depreciation	1,512	1,412	100	1,435	1,311	124
Directors' fees	85	67	18	70	51	19
Finance Charges on Finance Leases	6	3	3			
Interest on borrowings	1	1	0	133	133	0
Rental and operating lease costs	70	55	15	104	75	29
Research and development	130	0	130	151	0	151

NB: The 1996 "Expenses" figures for 1996 published last year were incorrectly recorded as Line -(13,249) and Energy -(14,258). The figures shown as comparatives in these financial statements are the correct ones.

	1997			1996		
	Total \$000	Line \$000	Energy \$000	Total \$000	Line \$000	Energy \$000
<b>5. TAXATION RECONCILIATION STATEMENT</b>						
i) The difference between the effective tax rate and the income tax rate of 33% is attributed to the following items:						
Net earnings before taxation	<u>2,441</u>	<u>1,874</u>	<u>567</u>	<u>2,308</u>	<u>2,207</u>	<u>101</u>
Prima facie tax payable at 33%	806	620	186	762	729	33
Tax effect of permanent differences						
- expenses not deductible	4	3	1	3	2	1
- prior year adjustments	0	0	0	94	94	0
- capital profits on sale of assets	<u>8</u>	<u>6</u>	<u>2</u>	<u>(20)</u>	<u>(15)</u>	<u>(5)</u>
<b>INCOME TAX EXPENSE</b>	<b><u>818</u></b>	<b><u>629</u></b>	<b><u>189</u></b>	<b><u>839</u></b>	<b><u>810</u></b>	<b><u>29</u></b>
ii) The taxation charge comprises -						
- current taxation	731	542	189	724	695	29
- future tax benefit	<u>87</u>	<u>87</u>	<u>0</u>	<u>115</u>	<u>115</u>	<u>0</u>
<b>INCOME TAX EXPENSE</b>	<b><u>818</u></b>	<b><u>629</u></b>	<b><u>189</u></b>	<b><u>839</u></b>	<b><u>810</u></b>	<b><u>29</u></b>
iii) Tax Reconciliation statement:						
Income Tax expense as per accounts	818	629	189	839	810	29
Liability brought forward	(291)	(278)	(13)	219	197	22
Tax effect of timing differences	(62)	(58)	(4)	4	4	0
Prior period adjustments	0	0	0	(92)	(92)	0
Terminal and Provisional tax paid	<u>(562)</u>	<u>(367)</u>	<u>(195)</u>	<u>(1,262)</u>	<u>(1,197)</u>	<u>(64)</u>
<b>CURRENT INCOME TAX PAYABLE</b>	<b><u>(97)</u></b>	<b><u>(74)</u></b>	<b><u>(23)</u></b>	<b><u>(291)</u></b>	<b><u>(278)</u></b>	<b><u>(13)</u></b>
iv) Future tax benefit -						
Opening balance	607	607	0	258	258	0
Future tax benefit of current tax	(63)	(63)	0	4	4	0
Prior period adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>345</u>	<u>345</u>	<u>0</u>
<b>FUTURE TAX BENEFIT</b>	<b><u>544</u></b>	<b><u>544</u></b>	<b><u>0</u></b>	<b><u>607</u></b>	<b><u>607</u></b>	<b><u>0</u></b>
v) Imputation credits						
The following imputation credits are available for distribution to shareholders:						
Opening balance	2,235	2,169	66	1,146	1,124	22
Tax paid during the year	562	367	195	1,237	1,173	64
less credits attached to dividends paid	<u>(148)</u>	<u>(127)</u>	<u>(21)</u>	<u>(148)</u>	<u>(128)</u>	<u>(20)</u>
<b>Closing balance</b>	<b><u>2,649</u></b>	<b><u>2,409</u></b>	<b><u>240</u></b>	<b><u>2,235</u></b>	<b><u>2,169</u></b>	<b><u>67</u></b>
<b>6. RECEIVABLES</b>						
Net Trade Debtors	3,945	2,014	1,931	3,666	2,195	1,471
Hire Purchase Debtors	<u>529</u>	<u>0</u>	<u>529</u>	<u>545</u>	<u>0</u>	<u>545</u>
<b>Total Receivables</b>	<b><u>4,474</u></b>	<b><u>2,014</u></b>	<b><u>2,460</u></b>	<b><u>4,211</u></b>	<b><u>2,195</u></b>	<b><u>2,016</u></b>
<b>7. INVENTORIES</b>						
Construction stock	759	637	122	896	724	173
Appliance stock	241	0	241	251	0	251
Work in progress	<u>230</u>	<u>198</u>	<u>32</u>	<u>114</u>	<u>82</u>	<u>32</u>
<b>Total Inventories</b>	<b><u>1,230</u></b>	<b><u>835</u></b>	<b><u>395</u></b>	<b><u>1,261</u></b>	<b><u>805</u></b>	<b><u>456</u></b>

	1997			1996		
	Total \$000	Line \$000	Energy \$000	Total \$000	Line \$000	Energy \$000
<b>8. INVESTMENTS</b>						
Loan to EMCO	<u>13</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Investments	<u>13</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>9. INVESTMENT IN ASSOCIATES</b>						
- at cost	110	0	110	60	0	60
- share of decrease in net assets	<u>(74)</u>	<u>0</u>	<u>(74)</u>	<u>(37)</u>	<u>0</u>	<u>(37)</u>
	<u>36</u>	<u>0</u>	<u>36</u>	<u>23</u>	<u>0</u>	<u>23</u>
<b>10 FIXED ASSETS</b>						
Distribution system - at cost	27,050	27,050	0	26,469	26,469	0
less accumulated depreciation	<u>(12,820)</u>	<u>(12,820)</u>	<u>0</u>	<u>(11,756)</u>	<u>(11,756)</u>	<u>0</u>
	<u>14,230</u>	<u>14,230</u>	<u>0</u>	<u>14,714</u>	<u>14,714</u>	<u>0</u>
Buildings - at valuation	2,852	2,306	546	2,834	2,289	546
less accumulated depreciation	<u>(33)</u>	<u>(26)</u>	<u>(7)</u>	<u>(23)</u>	<u>(18)</u>	<u>(4)</u>
	<u>2,819</u>	<u>2,280</u>	<u>539</u>	<u>2,811</u>	<u>2,270</u>	<u>541</u>
Motor vehicles - at cost	1,869	1,470	399	1,717	1,307	410
less accumulated depreciation	<u>(1,104)</u>	<u>(868)</u>	<u>(236)</u>	<u>(1,135)</u>	<u>(864)</u>	<u>(271)</u>
	<u>765</u>	<u>602</u>	<u>163</u>	<u>583</u>	<u>444</u>	<u>139</u>
Plant and equipment - at cost	2,938	2,311	627	2,583	1,966	617
less accumulated depreciation	<u>(1,824)</u>	<u>(1,435)</u>	<u>(389)</u>	<u>(1,571)</u>	<u>(1,196)</u>	<u>(375)</u>
	<u>1,114</u>	<u>876</u>	<u>238</u>	<u>1,012</u>	<u>770</u>	<u>242</u>
Assets < \$2,000 - at book value	127	100	27	125	95	30
less accumulated depreciation	<u>(63)</u>	<u>(50)</u>	<u>(13)</u>	<u>(48)</u>	<u>(36)</u>	<u>(12)</u>
	<u>64</u>	<u>50</u>	<u>14</u>	<u>77</u>	<u>59</u>	<u>18</u>
Leased Assets - at cost	83	45	38	0	0	0
less accumulated depreciation	<u>(10)</u>	<u>(5)</u>	<u>(5)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>73</u>	<u>40</u>	<u>33</u>	<u>0</u>	<u>0</u>	<u>0</u>
Non-depreciable assets - at cost	<u>6</u>	<u>4</u>	<u>1</u>	<u>6</u>	<u>4</u>	<u>2</u>
Land at valuation	<u>1,571</u>	<u>1,480</u>	<u>91</u>	<u>1,328</u>	<u>1,237</u>	<u>91</u>
<b>TOTAL FIXED ASSETS</b>						
- at cost	31,946	30,880	1,066	30,775	29,747	1,028
- at book value	127	100	27	125	95	30
- at valuations	<u>4,423</u>	<u>3,786</u>	<u>637</u>	<u>4,162</u>	<u>3,526</u>	<u>637</u>
Sub-total	36,496	34,766	1,730	35,062	33,368	1,695
less accumulated depreciation	<u>(15,854)</u>	<u>(15,204)</u>	<u>(650)</u>	<u>(14,532)</u>	<u>(13,870)</u>	<u>(662)</u>
Fixed Assets as at 31 March 1996	<u>20,642</u>	<u>19,562</u>	<u>1,080</u>	<u>20,531</u>	<u>19,498</u>	<u>1,033</u>

Freehold land and buildings were valued by Mr G H Kelso, ANZIV, Registered Valuer of Lewis and Wright, Gisborne, in February 1997 to their net current value on the basis of their existing use and in accordance with the Asset Valuation Standards of the New Zealand Institute of Valuers.

	1997			1996		
	Total \$000	Line \$000	Energy \$000	Total \$000	Line \$000	Energy \$000
<b>11. BORROWINGS</b>						
Loans	9	9	0	17	17	0
Lease Liability	<u>76</u>	<u>41</u>	<u>35</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liability	<u>85</u>	<u>50</u>	<u>35</u>	<u>17</u>	<u>17</u>	<u>0</u>
less: Current Portion						
- Loans	0	0	0	8	8	0
- Lease Liability	<u>14</u>	<u>7</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>14</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>0</u>
Non-Current Liability	<u>71</u>	<u>43</u>	<u>28</u>	<u>9</u>	<u>9</u>	<u>0</u>
<b>12. ACCOUNTS PAYABLE</b>						
Trade creditors	2,717	1,387	1,330	2,800	1,460	1,340
Customer deposits	<u>208</u>	<u>114</u>	<u>94</u>	<u>215</u>	<u>120</u>	<u>95</u>
Total Accounts Payable	<u>2,925</u>	<u>1,501</u>	<u>1,424</u>	<u>3,015</u>	<u>1,580</u>	<u>1,435</u>
<b>13. PROVISIONS</b>						
Employee provisions	<u>692</u>	<u>544</u>	<u>148</u>	<u>612</u>	<u>466</u>	<u>146</u>
Total provisions	<u>692</u>	<u>544</u>	<u>148</u>	<u>612</u>	<u>466</u>	<u>146</u>
<b>14. RESERVES</b>						
a) Share Premium Reserve	<u>252</u>	<u>222</u>	<u>30</u>	<u>252</u>	<u>222</u>	<u>30</u>
Balance - 1 April and 31 March						
b) Loan Redemption Reserve						
Balance - 1 April				1,252	1,252	0
Transfer from profits				<u>(1,252)</u>	<u>(1,252)</u>	<u>0</u>
Balance - 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
c) Asset Revaluation Reserve						
i) Freehold land						
Balance - 1 April	1,255	1,168	87	1,134	1,056	78
Revaluation of land	<u>257</u>	<u>181</u>	<u>76</u>	<u>121</u>	<u>112</u>	<u>9</u>
Balance - 31 March	<u>1,512</u>	<u>1,349</u>	<u>163</u>	<u>1,255</u>	<u>1,168</u>	<u>87</u>
ii) Freehold buildings						
Balance - 1 April	729	368	361	365	88	277
Revaluation of land	(72)	(26)	(46)	364	280	84
Deficit on Disposal	<u>(31)</u>	<u>(31)</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance - 31 March	<u>626</u>	<u>311</u>	<u>315</u>	<u>729</u>	<u>368</u>	<u>361</u>
<b>TOTAL RESERVES</b>	<u>2,390</u>	<u>1,882</u>	<u>508</u>	<u>2,236</u>	<u>1,758</u>	<u>478</u>
<b>15. RETAINED EARNINGS</b>						
Retained earnings - 1 April	4,941	4,619	322	2,557	2,230	327
Net surplus after taxation	<u>1,585</u>	<u>1,245</u>	<u>340</u>	<u>1,432</u>	<u>1,397</u>	<u>35</u>
	6,526	5,864	662	3,989	3,627	362
less distribution to shareholders	(300)	(258)	(42)	(300)	(260)	(40)
transfers from/(to) reserves	<u>32</u>	<u>32</u>	<u>0</u>	<u>1,252</u>	<u>1,252</u>	<u>0</u>
	<u>6,258</u>	<u>5,638</u>	<u>620</u>	<u>4,941</u>	<u>4,619</u>	<u>322</u>



Audit New Zealand

## 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 Eastland Energy Limited and dated 17 July 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 Electricity (Information Disclosure) Regulations 1994.

C R Dixon  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
11 August 1997  
Auckland, New Zealand

### Eastland Energy Limited

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

	Year ended 31 March		
	1997	1996	1995
<i>Regulation 13:</i>			
1. Financial performance measures			
(a) Accounting return on total assets	7.63%	7.23%	5.61%
(b) Accounting return on equity	8.15%	6.60%	4.32%
(c) Accounting rate of profit	7.03%	4.79%	6.30%
2. Efficiency performance measures			
(a) Direct line costs per kilometre	\$1,293.38	\$1,429.21	\$1108.04
(b) Indirect line costs per electricity customer	\$117.51	\$127.82	\$128.14
3. (A) Load Factor	57.74%	57.83%	55.46%
(b) Loss Ratio	7.13%	7.98%	7.98%
(c) Capacity Utilisation	27.82%	26.44%	* 28.41%

*Regulation 14a:*

4. The Optimised Deprival Valuation (established as at 31 March 1995) is \$23.88million.

*Regulation 15:*

Statistics				
(a) System lengths (kms)	- 50kV	257	257	255
	- 11kV	2,080	2,080	2,080
	- 400V	486	485	487
	- Total	<u>2,823</u>	<u>2,822</u>	<u>2,822</u>
(a) Circuit length (overhead) (kms)	- 50kV	257	257	255
	- 11kV	1,983	1,984	1,985
	- 400V	398	398	400
	- Total	<u>2,638</u>	<u>2,639</u>	<u>2,640</u>
(c) Circuit length (underground) (kms)	- 50kV	0	0	0
	- 11kV	97	96	95
	- 400V	88	87	87
	- Total	<u>185</u>	<u>183</u>	<u>182</u>
(d) Transformer capacity (kVA)		161,942	171,162	* 163,698
(e) Maximum demand (kW)		45,055	45,252	46,514
(f) Total electricity supplied (Kwh)		227,467,309	229,252,109	225,973,244
(g) Total electricity conveyed on behalf of other persons		437,362	317,043	Nil
(h) Total customer		19,804	19,875	19,932



	Year ended 31 March		
	1997	1996	1995
<i>Regulation 16:</i>			
5. Reliability performance measures			
Class A	0	0	0
Class B	481	361	330
Class C	190	164	203
Class D	1	0	1
Class E	0	0	0
Class F	0	0	0
Class G	0	0	0
Total	<u>672</u>	<u>525</u>	<u>534</u>
(2) Total number of faults per 100 circuit kilometres of prescribed			
	7.70	7.02	8.69
(3) Total number of faults per 100 circuit kilometres of under-ground prescribed voltage electric lines			
	Nil	Nil	Nil
- 50kV	<u>10.31</u>	<u>9.38</u>	<u>8.43</u>
- 11kV	<u>10.31</u>	<u>9.38</u>	<u>8.43</u>
- Total			
(4) Total number of faults per 100 circuit kilometres of overhead			
- 50kV	7.39	6.23	10.59
- 11kV	<u>8.12</u>	<u>7.01</u>	<u>8.46</u>
- Total	<u>8.04</u>	<u>6.92</u>	<u>8.70</u>
(5) The SAIDI for total of interruptions	714.82	569.49	583.21
(6) The SAIDI for total of interruptions within each interruption class -			
	0	0	0
Class A	180.25	167.83	195.44
Class B	532.49	401.66	374.80
Class C	2.08	Nil	12.97
Class D	0	0	0
Class E	0	0	0
Class F	0	0	0
Class G			

	Year ended 31 March		
	1997	1996	1995
(7) The SAIFI for total of interruptions	5.61	4.98	7.20
(8) The SAIFI for total of interruptions within each interruption class -			
Class A	1.25	1.15	1.32
Class B	4.32	3.83	4.89
Class C	0.04	Nil	1.00
Class D	0	0	0
Class E	0	0	0
Class F	0	0	0
Class G			
(9) The CAIDI for total of interruptions	127.49	114.35	80.94
(10) The CAIDI for total of interruptions within each interruption class -			
Class A	144.50	145.55	148.23
Class B	123.39	104.95	76.66
Class C	47.00	Nil	13.00
Class D	0	0	0
Class E	0	0	0
Class F	0	0	0
Class G			




Chartered Accountants

**CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION  
EASTLAND ENERGY LIMITED**

I have examined the valuation report prepared by KPMG Peat Marwick and dated 31 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.

  
**PETER KANE**  
Partner

31 August 1995



