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BAY OF PLENTY ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Business Unit Statements of Financial Performance
for the 12 Months ended 31 March 1997

	Notes	Network Business Unit		Generation Business Unit		Energy Trading Business Unit	
		1997	1996	1997	1996	1997	1996
		\$000	\$000	\$000	\$000	\$000	\$000
Revenue	3	21,351	20,004	17,975	12,451	26,754	23,112
Operating Expenses Before Depreciation	4	(15,622)	(15,973)	(7,598)	(3,233)	(26,181)	(22,808)
Operating Surplus Before Depreciation		<u>5,729</u>	<u>4,031</u>	<u>10,377</u>	<u>9,218</u>	<u>573</u>	<u>304</u>
Depreciation		(1,704)	(1,393)	(1,989)	(1,055)	(86)	(67)
Net Operating Surplus		<u>4,025</u>	<u>2,638</u>	<u>8,388</u>	<u>8,163</u>	<u>487</u>	<u>237</u>
Net Interest Expense	5	(500)	(489)	(966)	(105)	(67)	(105)
Net Surplus Before Abnormal Items		<u>3,525</u>	<u>2,149</u>	<u>7,422</u>	<u>8,058</u>	<u>420</u>	<u>132</u>
Abnormal Items	6	-	(165)	-	-	-	(165)
Net Surplus(Deficit) Before Taxation		<u>3,525</u>	<u>1,984</u>	<u>7,422</u>	<u>8,058</u>	<u>420</u>	<u>(33)</u>
Taxation Expense	7	(1,381)	(665)	(2,823)	(2,702)	(163)	11
Net Surplus(Deficit) after Taxation		<u><u>2,144</u></u>	<u><u>1,319</u></u>	<u><u>4,599</u></u>	<u><u>5,356</u></u>	<u><u>257</u></u>	<u><u>(22)</u></u>

The accompanying notes form part of and are to read in conjunction with these financial statements

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Business Unit Statements of Financial Position
As At 31 March 1997

	Notes	Network		Generation		Energy Trading	
		Business Unit		Business Unit		Business Unit	
		1997	1996	1997	1996	1997	1996
		\$000	\$000	\$000	\$000	\$000	\$000
Shareholders' Equity							
Paid up Capital	10	8,197	8,197	11,395	11,395	400	400
Reserves	11	53,380	43,728	60,959	60,959	225	225
Retained Earnings	12	193	963	1,117	2,653	(682)	(592)
<i>Total Shareholders' Equity</i>		<u>61,770</u>	<u>52,888</u>	<u>73,471</u>	<u>75,007</u>	<u>(57)</u>	<u>33</u>
Non Current Liabilities							
Term Loans	13	3,000	6,000	7,000	6,750	-	750
Deferred Taxation	8	324	160	1,195	1,043	(27)	(252)
<i>Total Non Current Liabilities</i>		<u>3,324</u>	<u>6,160</u>	<u>8,195</u>	<u>7,793</u>	<u>(27)</u>	<u>498</u>
Current Liabilities							
Accounts Payable and Accruals	14	2,227	2,364	1,776	1,231	2,669	2,378
Taxation Payable	9	169	(55)	282	(223)	(37)	1
Current Portion of Term Loans	13	5,500	500	11,000	4,250	1,000	250
Dividends Payable	15	899	594	1,893	2,414	107	(10)
<i>Total Current Liabilities</i>		<u>8,795</u>	<u>3,403</u>	<u>14,951</u>	<u>7,672</u>	<u>3,739</u>	<u>2,619</u>
Total Shareholders' Equity and Liabilities		<u><u>73,889</u></u>	<u><u>62,451</u></u>	<u><u>96,617</u></u>	<u><u>90,472</u></u>	<u><u>3,655</u></u>	<u><u>3,150</u></u>
Non Current Assets							
Fixed Assets	17	70,491	59,272	93,877	89,647	396	394
Investments	16	-	-	-	-	260	308
<i>Total Non Current Assets</i>		<u>70,491</u>	<u>59,272</u>	<u>93,877</u>	<u>89,647</u>	<u>656</u>	<u>702</u>
Current Assets							
Cash at Bank		104	(270)	107	198	13	(54)
Short Term Deposits		400	300	250	150	350	150
Accounts Receivable		2,259	2,111	2,383	477	2,636	2,352
Inventory		635	1,038	-	-	-	-
<i>Total Current Assets</i>		<u>3,398</u>	<u>3,179</u>	<u>2,740</u>	<u>825</u>	<u>2,999</u>	<u>2,448</u>
Total Assets		<u><u>73,889</u></u>	<u><u>62,451</u></u>	<u><u>96,617</u></u>	<u><u>90,472</u></u>	<u><u>3,655</u></u>	<u><u>3,150</u></u>

The accompanying notes form part of and are to read in conjunction with these financial statements

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Notes to the Financial Statements
for the 12 months ended 31 March 1997

1 Statement of Accounting Policies

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1994 and are intended for no other purpose.

A General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance and financial position have been followed in the preparation of these financial statements. The historical cost method, as modified by the revaluation of certain assets, has been followed. Reliance has been placed on the fact that the business and undertakings of Bay of Plenty Electricity Limited are a going concern.

B Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of financial performance and/or financial position have been applied:

i) Revenue

Revenue shown in the statement of financial performance comprises amounts received and receivable for goods and services supplied to customers in the ordinary course of business. Electricity revenue is based on actual and assessed readings plus an allowance for unread meters at balance date. Revenue is stated exclusive of Goods and Services Tax collected from customers.

ii) Principles of Consolidation

The consolidated financial statements are prepared from the financial statements of the Parent Company and its subsidiaries as at 31 March 1997 using the purchase method. The consolidated statement of financial performance includes the Group's share of the tax-paid surpluses of associate entities.

The equity method has been used for those associate entities in which the Group has a significant, but not a controlling interest.

All significant transactions between Group companies are eliminated on consolidation.

iii) Depreciation

Depreciation is charged to write off the cost of fixed assets to their estimated residual value over their expected useful lives.

iv) Investments

Investments in associate entities are stated at the fair value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

Investments in subsidiaries are stated at cost.

Dividend income is accounted for on a cash basis.

Other investments are stated at the lower of cost or net realisable value.

v) Joint Venture

The Group's method of accounting for an interest in a joint venture is to recognise in the respective classification categories the amount of:

- (a) the Group's share in each of the assets employed in the joint venture; and
- (b) liabilities incurred in relation to the joint venture including the Group's share of liabilities for which it is severally liable; and
- (c) the Group's share of net expenses incurred and revenues earned in relation to the joint venture.

vi) Fixed Assets

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project, and financing costs that are directly attributable to the project. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Generation and Distribution Assets are valued using modified historical cost. These assets are revalued on a cyclical basis at least every three years, by independent valuers.

vii) Inventories

Inventories are stated at the lower of average cost and net realisable value, with obsolete stock written off.

viii) Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is considered doubtful.

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Notes to the Financial Statements
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ix) Taxation

The liability method of accounting for deferred taxation has been applied.

The taxation charge against the surplus for the year is the estimated liability in respect of that surplus after allowance for all permanent differences and timing differences not expected to reverse in the foreseeable future. This is the partial basis for the calculation of deferred taxation.

Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be realised or any losses utilised.

x) Financial Instruments

Financial instruments with off-balance sheet risk, have been entered into for the primary purpose of reducing exposure to fluctuations in foreign exchange rates and interest rates. While financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items hedged.

Financial instruments entered into with no underlying exposure are accounted for on a mark to market basis.

xi) Research and Development

Costs incurred on all research and development projects are written off as incurred, except that development costs are capitalised to the extent that such costs are expected, beyond any reasonable doubt, to be recovered.

xii) Foreign Currency

Foreign currency transactions are recorded at exchange rates in effect at the date of settlement, except where forward contracts have been taken out to cover future commitments. Where forward contracts have been taken out, the transaction is translated at the rate contained in the contract.

C. Changes in Accounting Policies

The previous year was the first year that any assets had been recorded at valuation rather than cost. The effect of this change in accounting policy is to increase Network and Generation fixed assets and shareholder reserves by \$9,650,055 and nil respectively (\$40,112,323 and \$53,549,641 respectively in 1996) and increase the depreciation charge by \$1,366,924 (1996 nil). The useful lives of the revalued assets have been adjusted to lives estimated by registered engineers. The effect of this change in estimate is to decrease the depreciation charge on Network assets by \$202,192 (1996 nil).

The Company does not recognise the deferred taxation liability relating to the possible future realisation of the revalued assets at valuation as it is believed that these timing differences will not reverse in the foreseeable future. The cumulative timing differences not recognised are \$12,017,234 (\$10,388,514 1996) for network assets and \$19,387,740 (\$17,854,190 1996) for generation assets. The tax effect of the timing differences not recognised is \$3,965,687 (\$3,428,210 1996) for network and \$6,397,954 (\$5,891,883 1996) for generation.

There have been no other material changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

BAY OF PLENTY ELECTRICITY LIMITED
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Notes to the Financial Statements
for the 12 months ended 31 March 1997

2 Compliance with Electricity Disclosure Guidelines

The Ministry of Commerce (the Ministry) has produced guidelines to assist electricity distributors in complying with the various requirements of the Regulations. In particular, the Ministry provided guidelines for the methodologies to be used to separate and allocate revenues, costs, assets and liabilities of the Company into separate business units and resulting financial statements required by Regulation 6 of the Regulations.

The company has followed the guidelines in all instances except as follows.

Assumptions for Direct Allocations:

Transmission charges

Transmission charges, although completely absorbed by the Network business, as the guidelines recommend, have not been passed on to the Energy business.

Line Losses

Lines Losses are not settled between the energy business and the generators, as the guidelines recommend. The cost of line losses have instead been charged to the Network business by the Energy business.

Transmission Assets

Generation does not own transmission assets. The Company defines the point of injection as the point of exit from the Generation facilities.

All transmission assets are owned by the Network business.

Interface with Electricity Customers

The guidelines assume that the Energy business is the only interface with electricity consumers. The Company assumes that both the Network and Energy businesses interface directly with all consumers. Accordingly, line fees and energy sales are charged to customers as separate components and have been allocated directly to the respective business units.

The above assumptions have affected the following allocations.

Revenue

Connection fees for new customers have been allocated directly to the Network business.

Line fees charged to customers have been allocated directly to the Network business rather than the Energy business. The Network business has not charged the Energy business for services provided to it in respect of transmission charges incurred or the maintenance of the transmission facilities.

Line losses have been charged to the Network business by the Energy business.

Expenses

The costs of meter reading have been charged directly to the Network business as a cost necessarily related to the ownership of the meters. As line fees are allocated directly to the Network business, no charge for meter reading is made by it to the Energy business.

All marketing costs have been allocated in the same manner as other indirect costs and not to Energy business as recommended in the guidelines.

Bad and doubtful debt expenses have been allocated to the Network and Energy businesses in the proportion that line fees and energy sales represent the sum of those two items.

Assumptions for Indirect Allocations:

Where direct allocation of revenues, costs, assets and liabilities is not possible the Company has used as its basis of allocation the relative effort required to maintain the service each business unit provides to the consumer. The relative effort has been calculated on the basis of the number of staff directly employed by each business unit. The methodology is not considered a divergence from the guidelines.

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Notes to the Financial Statements
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	Network		Generation		Energy Trading	
	1997 \$000	1996 \$000	1997 \$000	1996 \$000	1997 \$000	1996 \$000
3 Revenue						
External Income	21,351	20,004	15,058	9,645	26,754	23,112
Internal Notional Income	-	-	2,917	2,806	-	-
Total Revenue	21,351	20,004	17,975	12,451	26,754	23,112
4 Operating Expenses						
Operating Expenses Comprise:						
Transmission Charges						
External	6,418	6,204	-	-	-	-
Avoided	2,917	2,806	-	-	-	-
Energy Charges						
External	-	-	4,212	-	24,237	20,224
Internal	-	-	-	-	729	1,164
Distribution Maintenance	757	2,066	-	-	-	-
Line Losses						
Internal	662	591	-	-	-	-
Personnel	2,124	1,775	786	635	585	530
Plant, Equipment & Property	201	407	658	541	18	84
Audit Costs	22	18	5	4	5	4
Bad Debts Written Off	8	27	-	-	8	27
Directors' Costs	107	102	23	22	23	22
Donations	38	25	8	5	8	5
Rental and Operating Lease Obligations	29	26	6	6	6	6
Research & Investigations	-	-	391	809	-	-
Other Operating Costs	2,339	1,926	1,509	1,211	562	742
Total Operating Expenses	15,622	15,973	7,598	3,233	26,181	22,808

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	Network		Generation		Energy Trading	
	1997	1996	1997	1996	1997	1996
	\$000	\$000	\$000	\$000	\$000	\$000
5 Interest						
Comprising:						
Gross Interest	500	489	1,557	422	67	105
Less Capitalised Interest	-	-	(591)	(317)	-	-
Net Interest Expense	500	489	966	105	67	105
Net Interest Comprises:						
Interest Expense	543	550	1,050	118	72	118
Interest Income	(43)	(61)	(84)	(13)	(5)	(13)
Net Interest Expense	500	489	966	105	67	105
6 Abnormal Items						
Abnormal Expenses Comprise:						
Restructuring	-	165	-	-	-	165
Total Abnormal Items	-	165	-	-	-	165
7 Taxation Expense						
Taxation Expense has been calculated as follows:						
Surplus(Deficit) before taxation	3,526	1,984	7,422	8,058	420	(33)
Income Tax on surplus(Deficit)s at 33%	1,164	655	2,449	2,659	139	(11)
Plus/(Less):						
Permanent Differences	217	10	374	43	24	-
Taxation Expense	1,381	665	2,823	2,702	163	(11)
Taxation Expense comprises:						
Current Taxation	1,217	672	2,670	2,393	(62)	(16)
Deferred Taxation	164	(7)	153	309	225	5
Taxation Expense	1,381	665	2,823	2,702	163	(11)

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Notes to the Financial Statements
for the 12 months ended 31 March 1997

	Network		Generation		Energy Trading	
	1997 \$000	1996 \$000	1997 \$000	1996 \$000	1997 \$000	1996 \$000
8 Deferred Taxation						
Opening Balance	160	167	1,043	734	(252)	(257)
Movement for Year	164	(7)	152	309	225	5
Balance as at 31 March	<u>324</u>	<u>160</u>	<u>1,195</u>	<u>1,043</u>	<u>(27)</u>	<u>(252)</u>

The Group has not recognised deferred taxation on cumulative timing differences of \$12,017,234 (\$10,388,514 1996) for Network assets and \$19,387,740 (\$17,854,190 1996) for Generation assets as these are not expected to reverse in the foreseeable future. The tax effect of the timing differences not recognised is \$3,965,687 (\$3,428,210 1996) for Network and \$6,397,954 (\$5,891,883 1996) for Generation assets.

9 Taxation Payable						
Opening Balance	(55)	(66)	(223)	(293)	1	102
Charge on Surplus for the period (note 7)	1,217	672	2,670	2,393	(62)	(16)
Taxation Paid	(839)	(661)	(1,841)	(2,323)	42	(85)
Foreign Investor Tax Credit	(154)	-	(324)	-	(18)	-
Balance as at 31 March	<u>169</u>	<u>(55)</u>	<u>282</u>	<u>(223)</u>	<u>(37)</u>	<u>1</u>

10 Paid Up Capital						
Issued and Paid up Capital	8,197	8,197	11,395	11,395	400	400
Balance as at 31 March	<u>8,197</u>	<u>8,197</u>	<u>11,395</u>	<u>11,395</u>	<u>400</u>	<u>400</u>

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Notes to the Financial Statements
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	Network		Generation		Energy Trading	
	1997 \$000	1996 \$000	1997 \$000	1996 \$000	1997 \$000	1996 \$000
11 Reserves						
Reserves Comprise:						
Share Premium Reserve	4,613	4,613	6,414	6,414	225	225
Asset Revaluation Reserve						
Opening Asset Revaluation Reserve	39,115	-	54,545	-	-	-
Revaluation during the year	9,652	39,115	-	54,545	-	-
	<u>48,767</u>	<u>39,115</u>	<u>54,545</u>	<u>54,545</u>	<u>-</u>	<u>-</u>
Reserves as at 31 March	<u>53,380</u>	<u>43,728</u>	<u>60,959</u>	<u>60,959</u>	<u>225</u>	<u>225</u>
12 Retained Earnings						
Movement in Retained Earnings						
Balance of Retained Earnings 1 April	963	555	2,653	999	(716)	(585)
Surplus after Taxation	2,144	1,319	4,599	5,356	330	(146)
Foreign Investor Tax Credit	154	-	324	-	18	-
Supplementary Dividend	(154)	-	(324)	-	(18)	-
Less Dividend Paid and Declared	(2,914)	(911)	(6,135)	(3,702)	(347)	15
	<u>193</u>	<u>963</u>	<u>1,117</u>	<u>2,653</u>	<u>(733)</u>	<u>(716)</u>
Share of Associate Retained Earnings						
Opening Retained Earnings	-	-	-	-	124	-
Share of Surplus before Taxation	-	-	-	-	42	190
Income Tax Expense	-	-	-	-	(14)	(66)
Dividends Received	-	-	-	-	(101)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>124</u>
Balance as at 31 March	<u>193</u>	<u>963</u>	<u>1,117</u>	<u>2,653</u>	<u>(682)</u>	<u>(592)</u>

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Notes to the Financial Statements
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Network		Generation		Energy Trading	
1997	1996	1997	1996	1997	1996
\$000	\$000	\$000	\$000	\$000	\$000

13 Term Loans

Term loans fall due for repayment in the following periods:

Within one year	5,500	500	11,000	4,250	1,000	250
Within one to two years	1,000	3,000	1,000	750	-	750
Within two to three years	1,000	1,000	-	1,000	-	-
Within three to four years	1,000	1,000	6,000	3,000	-	-
Within four to five years	-	1,000	-	2,000	-	-
Balance as at 31 March	8,500	6,500	18,000	11,000	1,000	1,000

Disclosed in Balance Sheet as:

Current Portion of Term Loans	5,500	500	11,000	4,250	1,000	250
Term Loans	3,000	6,000	7,000	6,750	-	750
Balance as at 31 March	8,500	6,500	18,000	11,000	1,000	1,000

All term loans are unsecured and are subject to negative pledge undertakings. The weighted average interest rate on term loans is 8.9% (1996 7.8%). The Company has \$30 million rolling loan facilities until 31 March 2002.

14 Accounts Payable and Accruals

Accounts Payable and Accruals Comprise:

Trade Creditors	1,827	2,105	1,648	1,160	2,563	2,304
Employee Entitlements	288	47	104	10	82	10
BOPE Trustee Limited	112	212	24	61	24	64
Balance as at 31 March	2,227	2,364	1,776	1,231	2,669	2,378

15 Dividends Payable

Dividend Paid & Declared	2,914	911	6,135	3,702	347	(15)
Supplementary Dividend	154	-	324	-	18	-
Less Interim Dividend Paid	(2,169)	(317)	(4,566)	(1,288)	(258)	5
Balance as at 31 March	899	594	1,893	2,414	107	(10)

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16 Investments

	Network		Generation		Energy Trading	
	1997	1996	1997	1996	1997	1996
	\$000	\$000	\$000	\$000	\$000	\$000
Subsidiary						
Subsidiary Company:			Percent	Percent		
			Interest	Interest		
Kapuni Energy Limited			100%	0%		

The principal activity of Kapuni Energy Limited is the generation of electricity and steam through its 50% interest in Kapuni Energy Joint Venture. Kapuni Energy Limited has a balance date of 31 March.

Associate Company

Shares at Cost	-	-	-	-	183	183
Share of post-acquisition retained earnings an	-	-	-	-	51	124
Balance as at 31 March 1997	-	-	-	-	234	307

Associate Company:					Interest	
PowerBuy Group Limited					20%	20%

The principal activity of the associate, PowerBuy Group Limited, is the purchase and resale of bulk electricity in the wholesale electricity market. PowerBuy Group Limited has a balance date of 31 March.

Other investments

Listed Shares	-	-	-	-	1	1
(market value \$2,220 1997, \$1,980 1996)						
EMCO Loan	-	-	-	-	25	-
	-	-	-	-	26	1
Balance as at 31 March	-	-	-	-	260	308

Interest is receivable on the EMCO Loan at 11.7% per annum with the principal repayable by 30 September 2001.

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	Network		Generation		Energy Trading	
	1997	1996	1997	1996	1997	1996
	\$000	\$000	\$000	\$000	\$000	\$000
17 Fixed Assets						
<i>Fixed Assets as at 31 March Comprise:</i>						
Land						
Cost	285	236	242	241	15	12
Accumulated Depreciation	(3)	(1)	-	-	-	-
Book Value	282	235	242	241	15	12
Generating Structures						
Valuation	-	-	12,232	12,232	-	-
Accumulated Depreciation	-	-	(549)	-	-	-
Book Value	-	-	11,683	12,232	-	-
Other Buildings						
Cost	1,321	1,444	141	95	253	170
Accumulated Depreciation	(297)	(305)	(32)	(21)	(57)	(38)
Book Value	1,024	1,139	109	74	196	132
Distribution System						
Valuation	68,193	56,834	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Book Value	68,193	56,834	-	-	-	-
Generation Plant						
Valuation	-	-	82,822	76,792	-	-
Accumulated Depreciation	-	-	(1,295)	-	-	-
Book Value	-	-	81,527	76,792	-	-
Plant and Equipment						
Cost	2,310	2,286	766	485	471	373
Accumulated Depreciation	(1,637)	(1,531)	(543)	(278)	(334)	(208)
Book Value	673	755	223	207	137	165
Motor Vehicles						
Cost	574	438	179	179	32	85
Accumulated Depreciation	(337)	(231)	(105)	(107)	(19)	(31)
Book Value	237	207	74	72	13	54
Furniture and Fittings						
Cost	315	318	73	91	131	96
Accumulated Depreciation	(233)	(216)	(54)	(62)	(96)	(65)
Book Value	82	102	19	29	35	31
Total Fixed Assets						
Cost or Valuation	72,998	61,556	96,455	90,115	902	736
Accumulated Depreciation	(2,507)	(2,284)	(2,578)	(468)	(506)	(342)
Book Value	70,491	59,272	93,877	89,647	396	394

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Notes to the Financial Statements
for the 12 months ended 31 March 1997

17 Fixed Assets (Continued)

Current government valuations for non-generation land and buildings are \$4.2 million. The valuations are dated October 1995 and September 1994.

The Optimised Deprival Value of the Distribution System (established 31 March 1997) is \$67,905,400.

Valuation of Generation and Distribution Assets

Generation and Distribution assets are revalued on a cyclical basis with each class being revalued at least every three years.

Distribution assets were revalued at 31 March 1997. The value adopted is the Optimised Deprival Value of the distribution system as at 31 March 1997. The valuation report was prepared by Worley Consultants Limited (Registered Engineers) in conjunction with Coopers & Lybrand (Chartered Accountants). The valuation was performed in accordance with generally accepted valuation techniques. The Optimised Deprival Value is considered to be equivalent to net current value.

Generation assets were revalued at 31 March 1996 based on a valuation report prepared by Coopers and Lybrand (Chartered Accountants) and independently verified by Leyland Consulting Limited (Registered Engineers). The valuation established reflects the lower of net realisable value or net current value. The valuation has been calculated using net present values of predicted future cash flows, allowing for the benefit of avoided Trans Power New Zealand Limited transmission charges.

Useful lives and Depreciation Methods

	Group	
	Useful	Useful
	Lives	Lives
	In Years	In Years
Land Improvements	3-40	3-40
Generation Structures	25-100	25-100
Other Buildings	40-100	40-100
Distribution System	15-70	10-50
Generation Plant	25-100	25-100
Plant and Equipment	2-10	2-10
Motor Vehicles	5-10	5-10
Furniture and Fittings	10	10

All assets are depreciated on a straight line basis.

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Notes to the Financial Statements
for the 12 months ended 31 March 1997

Network		Generation		Energy Trading	
1997	1996	1997	1996	1997	1996
\$000	\$000	\$000	\$000	\$000	\$000

18 Joint Venture

Summary of joint venture assets and liabilities included in parent and group financial statements:

Accounts Receivable	-	-	451	-	-	-
Work in Progress Fixed Assets	-	-	872	-	-	-
Accounts Payable	-	-	(509)	-	-	-
Net Assets as at 31 March	-	-	814	-	-	-

	Percent Interest	Balance Date
Joint Venture:		
Kapuni Energy Joint Venture	50%	31 March

The principal activity of the joint venture is the generation of electricity and steam. Kapuni Energy Joint Venture has a balance date of 31 March. The financial statements of Kapuni Energy Joint Venture have not been audited.

19 Imputation Credit Account

	Group	
	\$000	\$000
Opening Balance	3,090	1,448
Plus: Income Tax Paid	2,638	3,069
Imputation Credits attached to Dividends Received	51	1
Less: Imputation Credits attached to Dividends Paid	(4,181)	(1,428)
Imputation Credits forfeited due to Shareholding change 17 July 1996	(419)	-
Balance as at 31 March	1,179	3,090

Due to major shareholding changes on 17 July 1996, the balance of the Company's Imputation Credit Account on that date was forfeited.

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Notes to the Financial Statements
for the 12 months ended 31 March 1997

	Network		Generation		Energy Trading	
	1997	1996	1997	1996	1997	1996
	\$000	\$000	\$000	\$000	\$000	\$000

20 Operating Leases

Operating lease commitments fall due for repayment in the following periods:

Within One Year	26	26	6	6	6	6
Within One to Two Years	8	20	2	4	2	4
Within Two to Five Years	8	-	2	-	2	-
	42	46	10	10	10	10

21 Remuneration of Auditors

Amounts received, or due and receivable, by the auditors for:

Financial Report Audit	22	18	5	4	5	4
Other Services:	64	307	14	66	14	66
	86	325	19	70	19	70

22 Contingent Liability

At balance date the two contingent liabilities are:

- (i) PowerBuy Group Limited (PowerBuy) was established to manage electricity purchasing risks. To cover a potential liability should PowerBuy be unable to meet its commitments, if certain events occurred, PowerBuy's shareholders have provided PowerBuy with an underwriting facility. Each shareholder is a party to the agreement in proportion to their shareholding in PowerBuy. The maximum exposure to Bay of Plenty Electricity Limited is \$2,558,219. Shareholders are severally party to the agreement in proportion to their shareholding.
- (ii) There is a claim before the Waitangi Tribunal relating to the Rangitaiki River, and in particular the Aniwhenua Dam.

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Notes to the Financial Statements
for the 12 months ended 31 March 1997

23 Related Party Transactions

The Company conducts business predominantly in the Eastern Bay of Plenty and undertakes transactions for shareholders, company officers and other related parties that reside in the region. All transactions with related parties have been carried out on a commercial and "arms length" basis.

The Company has a 20.24% (20.24% in 1996) interest in PowerBuy Group Limited at balance date, and transacts with that company to purchase and sell electricity. All hedging positions are undertaken by PowerBuy Group Limited.

On 17 July 1996 Power New Zealand Limited acquired a 52.3% interest in Bay of Plenty Electricity Limited.

	Network		Generation		Energy Trading	
	1997 \$000	1996 \$000	1997 \$000	1996 \$000	1997 \$000	1996 \$000
Transactions						
Purchases from PowerBuy Group Limited	-	-	-	-	23,693	4,556
Sales to PowerBuy Group Limited	-	-	8,436	8,497	-	-
Purchases from Power New Zealand Limited	393	317	-	-	-	-
Balance						
Amounts owed to PowerBuy Group Limited	-	-	-	-	2,190	2,094
Amounts owed by PowerBuy Group Limited	-	-	632	482	-	-
Amounts owed to Power New Zealand Limited	97	26	-	-	-	-
Amounts owed by Kapuni Energy Limited	-	-	418	-	-	-

24 Capital Contributions

The Company has commitments for future capital expenditure amounting to \$12,579,147 (\$3,800,000 in 1996). The 1997 commitment is the expected expenditure in respect of the Kapuni Energy Joint Venture.

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Notes to the Financial Statements
for the 12 months ended 31 March 1997

25 Financial Instruments

- (a) The nature of activities and management policies with respect to financial instruments is described as follows:

(i)

Interest Rates

The interest rate risk is limited to the effective interest rate described in Note 13. The Company generally uses fixed rate loans to manage interest rate risk. The total level of fixed rate funding at 31 March was \$22,500,000, having a fair value of \$22,303,326.

The Company has entered into an interest rate collar agreement to limit the Company's exposure to movements in interest rates. At balance date the Company held the following instruments:

Interest Rate Options:	Rate	Term	Commencement Date	Group 1997 \$000	Group 1996 \$000
Cap	8.7%	One Year	3 March 1997	13,000	-
Floor	8.0%	One Year	3 March 1997	13,000	-

(ii) **Credit**

In the normal course of its business the Company incurs credit risk from trade debtors and financial institutions. There are no significant concentrations of credit risk. The Company has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. The bank risk is reduced by institutions spreading short term investments over high credit quality financial institutions.

(iii) **Foreign Exchange**

The Company has, in this reporting period, conducted transactions in foreign currencies for the purpose of capital expenditure. The Company policy is to fully hedge out foreign currency exposure by using Forward Rate Agreements (FRA) and currency options during this period.

Any gains or losses associated with hedging instruments are offset by the underlying exposure.

	Group 1997 \$000	Group 1996 \$000
The contract amounts of foreign instruments outstanding at balance date are as follows:		
Forward Rate Agreements	-	752
Currency Options	-	429

(b) **Fair Values**

Financial instruments in the current section of the balance sheet, with the exception of the current portion of term loans, are shown at values equivalent to their fair values. The fair value of term loans is disclosed in section (a) (i) above. Investments are shown at cost which is not significantly different from their fair values.

BAY OF PLENTY ELECTRICITY LIMITED
Financial Statements for the purposes of
Electricity (Information Disclosure) Regulations 1994

Notes to the Financial Statements
for the 12 months ended 31 March 1997

26 Employee Share Purchase Plan

The Company has established an Employee Share Purchase Plan (The Plan) for the benefit of employees of the Company.

The shares are held by Trustees who, pursuant to the Trust Deed, administer the shares. The Trustee is BOPE Trustee Limited. The price at which shares are issued will be set by the Company from time to time.

On 1 September 1994, 225,000 shares were vested to The Plan in accordance with the Energy Companies Act (Bay of Plenty Electricity Limited) Vesting Order 1994. Voting rights attached to the shares held by the Trustees are to be exercised by the Trustees in the case of a vote poll, on any particular resolution as the Trustees in their discretion think fit. No preference shares are held by The Plan.

All funds received by the Trustees have been deposited with Bay of Plenty Electricity Limited as an advance. Bay of Plenty Electricity Limited has provided no specific security to The Plan for this advance.

<i>Transactions</i>	Group 1997 \$000	Group 1996 \$000
Opening Balance	213	219
Additional Shares Purchased or Vested	-	-
	213	219
Sold During the year	(8)	(6)
Balance as at 31 March	205	213
 Funds deposited with Bay of Plenty Electricity Limited	 159	 67

The number of shares allocated to employees at 31 March 1997 is 62,500 (71,500 in 1996) leaving 143,500 unallocated. The 62,500 shares allocated to employees have been paid up to \$0.84 and \$0.16 remains to be paid. The shares are not subject to put and/or call options.

Control

The Company has the power to appoint Trustees. The Trustees have the power to control the exercise of any right to vote attached to the shares held by the scheme.

BAY OF PLENTY ELECTRICITY LIMITED
Performance Measures for the purposes of
Electricity (Information Disclosure) Regulations 1994

Performance Measures
for the 12 Months ended 31 March 1997

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 13, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

<i>Regulation 13:</i>	1997	1996	1995
1) Financial Performance Measures			
(a) Accounting Return on Total Assets	6.18%	5.43%	5.60%
(b) Accounting Return on Equity	3.72%	3.63%	3.75%
(c) Accounting Rate of Profit	4.40% ¹	4.02%	4.25%
¹ The ODV of Bay of Plenty Electricity Limited has increased this year due to the lives of certain assets being extended. This movement in reported ODV does not reflect an increase in economic value, rather a change in the basis of calculation. The objective of the measure "Accounting Rate of Profit" is to calculate the increase in shareholder equity generated by the line business. The formula detailed in the first schedule of the Electricity (Information Disclosure) Regulations 1994 includes any revaluation as "profit". The increase in the reported ODV has been excluded from the calculation of the measure as there has been no increase in shareholder equity from the movement in reported ODV.			
2) Efficiency Performance Measures			
(a) Direct line costs per kilometre	\$ 1,550	\$ 1,837 *	\$ 3,204
(b) Indirect Line costs per Customer			
as prescribed	\$ 267	\$ 288 *	\$ 199 *
as modified ²	\$ 136	\$ 159 *	\$ 97 *

² **Indirect Line costs - modified**

Total Indirect costs as prescribed in the Regulations include all costs that are not direct costs, after removing Trans Power charges. Bay of Plenty Electricity, unlike most distribution companies, maintains its own generation division and has significant avoided charges which are charged to the Network division, and paid to the Generation division. The treatment of the avoided charges for the purposes of the efficiency measures, is to include these costs as indirect costs. The company has provided additional disclosures to allow comparison with companies that do not have generation divisions.

* Denotes a corrected comparative figure

BAY OF PLENTY ELECTRICITY LIMITED
Performance Measures for the purposes of
Electricity (Information Disclosure) Regulations 1994

Performance Measures
for the 12 Months ended 31 March 1997

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 13, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

		1997	1996	1995
Regulation 15:				
3) Energy Delivery Efficiency Performance Measures				
(a) Load Factor		68.45%	67.00%	72.00%
(b) Loss Ratio		4.85%	3.60%	2.30%
(c) Capacity utilisation		55.66%	50.00%	54.00%
4) Statistics				
(a) System length				
	110kV km	21.80	21.80	21.80
	33kV km	175.20	156.30	137.80
	11kV km	1,382.59	1,451.10	1,518.60
	400Volt km	535.88	467.70	396.90
	Total km	2,115.47	2,096.90	2,075.10
(b) Total Circuit Length: Overhead				
	110kV km	21.80	21.80	21.80
	33kV km	171.40	154.20	137.40
	11kV km	1,285.85	1,359.40	1,432.30
	400Volt km	348.87	279.40	207.80
	km	1,827.92	1,814.80	1,799.30
(c) Total Circuit Length: Underground				
	110kV km	-	-	-
	33kV km	3.80	2.10	0.40
	11kV km	96.74	91.60	86.30
	400Volt km	187.01	188.30	189.10
	km	287.55	282.00	275.80
(d) Transformer capacity	kVA	163,000	189,555	169,215
(e) Maximum demand	kW	90,720	95,067	90,940
(f) Total electricity supplied	kWh	517,580,862	537,367,315	563,345,430
(g) Total electricity conveyed				
of behalf of other persons	kWh	130,752,523	139,547,315	89,832,173
(h) Total customers		22,201	21,867	21,677

BAY OF PLENTY ELECTRICITY LIMITED
Performance Measures for the purposes of
Electricity (Information Disclosure) Regulations 1994

Performance Measures
for the 12 Months ended 31 March 1997

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 13, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

	1997	1996	1995
Regulation 16:			
5) Reliability Performance Measures			
(a) Interruptions			
Class A	-	2	4
Class B	195	206	213
Class C	158	415	150
Class D	5	14	5
Class E	-	-	-
Class F	-	-	-
Class G	-	-	2
Total number of interruptions	358	637	374
(b) The total number of faults per 100 circuit kilometres of prescribed voltage electric line.			
	10	9	9
(c) The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.			
110 kV	-	2	-
33 kV	-	-	-
11 kV	1	-	3
Total Underground faults	1	2	3
(d) The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.			
110kV	-	5	5
33 kV	1	9	9
11 kV	12	9	9
Total Overhead Faults	11	9	9
(e) The SAIDI for the total of Interruptions			
	390	530	372

BAY OF PLENTY ELECTRICITY LIMITED
Performance Measures for the purposes of
Electricity (Information Disclosure) Regulations 1994

Performance Measures
for the 12 Months ended 31 March 1997

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to
 Regulations 13, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994.

	1997	1996	1995
<i>Regulation 16 (Continued):</i>			
6) The SAIDI for the total number of interruptions within each interruption class:			
Class A	-	70	33
Class B	97	151	143
Class C	207	252	178
Class D	76	54	17
Class E	-	-	-
Class F	-	-	-
Class G	-	-	-
(f) The SAIFI for the total number of interruptions.	5.15	5.60	4.90
(g) The SAIFI for the total number of interruptions within each interruption class:			
Class A	0.00	0.30	0.10
Class B	0.66	0.90	1.10
Class C	3.69	3.60	3.30
Class D	0.67	0.90	0.40
Class E	0.00	0.00	0.00
Class F	0.00	0.00	0.00
Class G	0.00	0.00	0.00
(h) The CAIDI for the total of all interruptions.	76	94	76
(i) The CAIDI for the total number of interruptions within each interruption class:			
Class A	-	266	288
Class B	148	173	126
Class C	56	70	54
Class D	114	62	46
Class E	-	-	-
Class F	-	-	-
Class G	-	-	54

**Coopers
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CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

BAY OF PLENTY ELECTRICITY LIMITED

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 Bay of Plenty Electricity Limited and dated 29 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 the Electricity (Information Disclosure) Regulations 1994.

Coopers & Lybrand

Coopers & Lybrand

29 July 1997

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Whangarei Auckland Manukau City Hamilton Tauranga New Plymouth Napier Palmerston North Feilding Wellington Christchurch Dunedin Invercargill

Tauranga partners Graeme H C Fraser John S Gray

**Coopers
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143 Durham Street
Tauranga
New Zealand*125 years
of innovation***CERTIFICATION BY AUDITOR
IN RELATION TO FINANCIAL STATEMENTS****BAY OF PLENTY ELECTRICITY LIMITED**

We have examined the attached financial statements prepared by Bay of Plenty Electricity Limited and dated 29 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.

Coopers & Lybrand.

Coopers & Lybrand

29 July 1997

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29 July 1997

The Directors
Bay of Plenty Electricity Limited
P O Box 404
WHAKATANE

CERTIFICATE BY AUDITOR IN RELATION TO ODV VALUATION OF

BAY OF PLENTY ELECTRICITY LIMITED

I have examined the valuation report prepared by Worley Consultants Limited of Auckland and dated 22 May 1997, which report contains valuations as at 31 March 1997.

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.

John Stewart Gray

JOHN STEWART GRAY

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Whangarei Auckland Manukau City Hamilton Tauranga New Plymouth Napier Palmerston North Feilding Wellington Christchurch Dunedin Invercargill

Tauranga partners Graeme H C Fraser John S Gray




CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower.

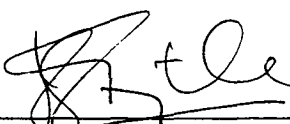
We, Colin George Houston Holmes, and John Gordon Forsythe, Directors of Bay of Plenty Electricity Limited certify that, having made all reasonable inquiry, to the best of our knowledge.

- (a) The attached audited financial statements of Bay of Plenty Electricity 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 Bay of Plenty Electricity 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 as at 31 March 1997.



C G Holmes (Director)



J G Forsythe (Director)

Bay of Plenty Electricity Limited · 52 Commerce Street · PO Box 404 · Whakatane 3080 · New Zealand · PH 07 307 2700 · FX 07 307 0922



