

# New Zealand Gazette

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## POWERCO LIMITED

### INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION  
DISCLOSURE) REGULATIONS 1997

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# **Powerco Limited**

**Financial Statements as required by  
the Gas ( Information Disclosure )  
Regulations 1997**

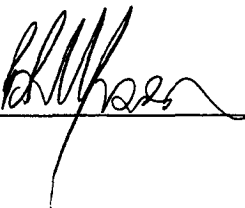
*for the year ended  
31 March 1997*

**POWERCO LIMITED****GAS (INFORMATION DISCLOSURE) REGULATIONS 1997****CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY PIPELINE OWNERS OTHER THAN THE CORPORATION**

We, Barry Raymond Upson, and John Sutherland Auld, Directors of Powerco Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached audited financial statement of Powerco Limited, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997, give a true and fair view of the matters to which they relate and comply with the requirements of that regulation; and
- (b) The attached information, being financial performance measures, efficiency performance measures, energy delivery performance measures and statistics, and reliability performance measures in relation to Powerco Limited, and having been prepared for the purposes of regulations 15 to 19 of the Gas (Information Disclosure) Regulations 1997, complies with the requirements of those regulations.

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



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December 1997

**Deloitte Touche  
Tohmatsu**

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**CERTIFICATION BY AUDITOR IN RELATION TO  
FINANCIAL STATEMENTS**

We have examined the attached financial statements prepared by Powerco Limited dated 9 December 1997 for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997.

We certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements have been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.

*Deloitte Touche Tohmatsu.*

**Deloitte Touche Tohmatsu**

9 December 1997

**Deloitte Touche  
Tohmatsu**



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**CERTIFICATION OF PERFORMANCE MEASURES BY AUDITOR**

We have examined the attached information, being:

- (a) Financial performance measures specified in clause 1 of Part 2 of Schedule 1 of the Gas (Information Disclosure) Regulations 1997;
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part 2 of that schedule, and having been prepared by Powerco Limited and dated 9 December 1997 for the purposes of regulations 15 and 16 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 requirements of the Gas (Information Disclosure) Regulations 1997.

*Deloitte Touche Tohmatsu*

**Deloitte Touche Tohmatsu**

9 December 1997

**POWERCO LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 1997**

	Notes	Electricity Line \$000	Electricity Energy \$000	Gas Distribution \$000	Gas Retailing \$000	Other \$000	Total \$000
<b>EQUITY</b>							
Share capital	2	60,034	5,513	17,219	316	13,487	96,569
Reserves	3	23,173	2,333				25,506
Asset Revaluation Reserves	4	49,629		10,014		8,767	68,410
Retained earnings		8,184	1,941	1,149	(280)	(1,190)	9,804
		<b>141,020</b>	<b>9,787</b>	<b>28,382</b>	<b>36</b>	<b>21,064</b>	<b>200,289</b>
<b>NON CURRENT LIABILITIES</b>							
Term advances facility	5				737	17,504	18,241
Deferred taxation		11,413		2,303		2,017	15,733
		<b>11,413</b>		<b>2,303</b>	<b>737</b>	<b>19,521</b>	<b>33,974</b>
<b>CURRENT LIABILITIES</b>							
Accounts payable		3,074	5,356	429	845	440	10,144
Provision for dividend		6,593	722	504			7,819
Provision for employee entitlements		1,519	25	309	12	86	1,951
		<b>11,186</b>	<b>6,103</b>	<b>1,242</b>	<b>857</b>	<b>526</b>	<b>19,914</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>\$163,619</b>	<b>\$15,890</b>	<b>\$31,927</b>	<b>\$1,630</b>	<b>\$41,111</b>	<b>\$254,177</b>
<b>NON CURRENT ASSETS</b>							
Fixed assets	6	144,577	2,650	29,045	419	25,418	202,109
Investments in associates	7		242				242
Other investments	8					15,237	15,237
		<b>144,577</b>	<b>2,892</b>	<b>29,045</b>	<b>419</b>	<b>40,655</b>	<b>217,588</b>
<b>CURRENT ASSETS</b>							
Cash	9	8,483	5,335	1,060		(195)	14,683
Receivables and prepayments	10	8,801	7,660	1,408	1,211	650	19,730
Tax receivable		22	3	2			27
Inventories	11	1,736		412		1	2,149
		<b>19,042</b>	<b>12,998</b>	<b>2,882</b>	<b>1,211</b>	<b>456</b>	<b>36,589</b>
<b>TOTAL ASSETS</b>		<b>\$163,619</b>	<b>\$15,890</b>	<b>\$31,927</b>	<b>\$1,630</b>	<b>\$41,111</b>	<b>\$254,177</b>

**POWERCO LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 MARCH 1997**

	Notes	Electricity Line \$000	Electricity Energy \$000	Gas Distribution \$000	Gas Retailing \$000	Other \$000	Total \$000
<b>OPERATING REVENUE</b>	12	54,085	49,321	8,316	7,575	8,156	127,452
<b>OPERATING SURPLUS BEFORE TAXATION</b>	13	22,055	2,378	2,812	(296)	(830)	26,119
Taxation expense	14	6,908	756	881	(93)	(259)	8,193
<b>OPERATING SURPLUS AFTER TAXATION</b>		15,147	1,622	1,931	(203)	(571)	17,926
Share of retained surplus (losses) in associate companies after tax	16		37				37
<b>OPERATING SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS</b>		\$15,147	\$1,659	\$1,931	(\$203)	(\$571)	\$17,963

**POWERCO LIMITED**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 1997**

	Notes	Electricity Line \$000	Electricity Energy \$000	Gas Distribution \$000	Gas Retailing \$000	Other \$000	Total \$000
<b>EQUITY AT 1 APRIL 1996</b>		<b>88,810</b>	<b>9,509</b>	<b>17,370</b>	<b>239</b>	<b>12,537</b>	<b>128,465</b>
<b>Operating surplus attributable to the shareholders</b>		<b>15,147</b>	<b>1,659</b>	<b>1,931</b>	<b>(203)</b>	<b>(571)</b>	<b>17,963</b>
Revaluation of network assets		61,325		12,374		10,834	84,533
Deferred taxation in respect of revaluation		(11,697)		(2,360)		(2,066)	(16,123)
<b>Total recognised revenue and expenses for the year</b>		<b>64,775</b>	<b>1,659</b>	<b>11,945</b>	<b>(203)</b>	<b>8,197</b>	<b>86,373</b>
<b>Contributions from shareholders</b>							
Partly paid shares received		35	3	8		10	56
Other adjustment		(296)	(36)			320	(12)
		(261)	(33)	8		330	44
<b>Distributions to shareholders</b>							
Share repurchase							
Dividends - paid	17	(5,711)	(626)	(437)			(6,774)
- proposed	17	(6,593)	(722)	(504)			(7,819)
		(12,304)	(1,348)	(941)			(14,593)
<b>EQUITY AT 31 MARCH 1997</b>		<b>\$141,020</b>	<b>\$9,787</b>	<b>\$28,382</b>	<b>\$36</b>	<b>\$21,064</b>	<b>\$200,289</b>



## **1 Statement of Accounting Policies**

### **Reporting Entity**

Powerco Limited is a company registered under the Companies Act 1993. The group consists of Powerco Limited, its subsidiary and its associates.

The following activities are the principal activities undertaken by Powerco Limited throughout the financial year:

- \* Distribution and retailing of electricity and value added services.
- \* Distribution and retailing of gas and value added services.
- \* Hydro electricity generation.

These financial statements have been prepared to comply with the provisions of the Gas (Information Disclosure) Regulations 1997.

### **Measurement Basis**

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Group, with the exception that certain fixed assets have been revalued.

### **Specific Accounting Policies**

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

#### **a) Basis of Consolidation**

The consolidated financial statements include those of Powerco Limited and its wholly owned subsidiary, Taranaki Energy Limited. All significant inter-company transactions and balances are eliminated on consolidation. In the parent company financial statements investments in subsidiaries are stated at cost.

#### **b) Associate Companies**

These are companies in which the group holds substantial shareholdings and exercises significant influence in commercial and financial policy decisions.

Associate companies have been reflected in the consolidated financial statements on an equity accounting basis which shows the group's 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) Fixed Assets**

The capital value of fixed assets is the value at either Optimised Depreciated Replacement Cost (ODRC), economic value or cost.

ODRC valuations were completed by KPMG Peat Marwick, independent consultants, and the economic values were completed by Southpac Corporation, independent consultants. These new valuations were recorded in the financial statements at the date of valuation being 31 March 1997. Assets are recorded as follows:

- \* Electricity and gas network assets of the Company - ODRC
- \* The three generating stations owned by the Company - Economic value

The capital values of all other assets are recorded at cost.

**d) Depreciation of Fixed Assets**

Depreciation rates for major classes of asset are:

Land	Not Depreciated
Buildings	1% SL
Furniture and Fittings	10% to 20% DV
Office Equipment	10% to 33% DV
Motor Vehicles	20% DV
Network Systems and Generation	2% SL and 5% to 14.4% DV

These rates were revised as at 31 March 1997 in conjunction with the revaluation of fixed assets as at that date. The revised rates which will be applicable from 1 April 1997 are in accordance with industry guidance as to best practice.

**e) Receivables**

Accounts receivable are valued at expected realisable value, after providing for doubtful debts. All known bad debts have been written off during the period under review.

**f) Income Tax**

The income tax expense charged to the Statement of Financial Performance includes both the current year's expense and the income tax effect of timing differences using the liability method on a comprehensive basis.

Previously a partial basis of recording these amounts was applied. In conjunction with the asset revaluation exercise the company has adopted international accounting standards and moved to a comprehensive liability recognition basis.

**g) Inventory**

Inventory is valued at the lower of historical cost and net realisable value. The weighted average method has been used to determine historical cost. The quantity of gas in pipes has been estimated by Powerco Limited's gas engineers, and valued at average purchase cost per unit.

**h) Investments**

Investments are valued at the lower of cost and net realisable value.

**i) Revenue Recognition**

Revenue from the sale of energy and value added services is recognised when invoices are issued plus an accrual is made for unread meters at balance date.

**j) Financial Instruments**

In the ordinary course of business the company enters into energy purchase instruments in conjunction with its associate company. These are used to manage the market price risk of the company's major operating cost. The company values these transactions at the lower of original cost and market value.

**k) Basis of Allocation to Business Units**

In general the Ministry of Commerce guidelines for allocation of expenditure have been applied. Deviations from the guidelines have been used where assumptions made in the guidelines have not held true for Powerco Limited, and are as follows:

The assumption that the energy business alone interfaces with electricity and gas consumers does not hold for Powerco Limited. Customer related expenditures are allocated according to the number of customers attributable to each business.

Overhead costs that are integral parts of operating each business have been allocated according to the direct expenditure incurred by each business.

Other corporate income has been allocated based on the relevance of such income to the business units.

**l) Comparative Figures**

As this is the first disclosure of financial statements required by the Gas (Information Disclosure) Regulations 1997 comparative figures have not been provided for the preceding year. Where a breakdown of a note has not been required for reporting purposes, 1996 comparative figures have been supplied in line with the Company's annual financial report.

### **Changes in Accounting Policies**

As indicated above in note (f) the Company has changed its policy on deferred tax recognition in the current year. The effect of this change in policy has been to:

- i) record a deferred tax liability in the statement of financial position as at 31 March 1997 of \$16.123 million. A corresponding amount has been offset in the asset revaluation reserve, as shown in note 4.
- ii) record a future income tax benefit of \$390,338 being the taxation effect of other timing differences. A corresponding amount has been recognised in the taxation expense reported in the statement of financial performance, as shown in note 14.

There have been no other changes to accounting policies. All policies have been applied on a basis consistent with prior years.

**Notes to and Forming Part of the Financial Statements**  
For the Year Ended 31 March 1997

**2 SHARE CAPITAL**

	1997 \$000	1996 \$000
Issued capital	96,569	18,028
less uncalled capital	56	1,335
<b>Opening issued and paid up capital as at 31 March 1996</b>	<b>96,513</b>	<b>16,693</b>
Calls on capital	56	1,279
Bonus share issue	-	3,541
Share capital transferred from Taranaki Energy Limited	-	75,000
<b>Closing issued and paid up capital as at 31 March 1997</b>	<b>\$96,569</b>	<b>\$96,513</b>

Total number of ordinary shares issued as of 31 March 1997 amounted to 52,123,989.

**3 RESERVES**

	1997 \$000	1996 \$000
Balance as at 31 March 1996	25,506	26,607
Bonus share issue transferred to capital	-	(3,541)
Reserves transferred from Taranaki Energy Limited	-	2,440
<b>Balance as at 31 March 1997</b>	<b>\$25,506</b>	<b>\$25,506</b>

**Notes to and Forming Part of the Financial Statements**  
For the Year Ended 31 March 1997

**4 ASSET REVALUATION RESERVE**

	<b>1997</b>	<b>1996</b>
	<b>\$000</b>	<b>\$000</b>
<b>Balance as at 31 March 1996</b>	-	-
Asset revaluation	84,533	-
less Deferred taxation on asset revaluation	(16,123)	-
<b>Balance as at 31 March 1997</b>	<u><b>\$68,410</b></u>	<u>-</u>

**5 TERM ADVANCES FACILITY**

The Company has established a Wholesale Term Advances Facility with the Westpac Banking Corporation of up to \$25 million dollars. At 31 March 1997 the amount drawn down from this facility amounted to \$4.545 million. Interest is charged to the Company according to the daily wholesale lending rate. The facility is based on a revolving credit and as such does not have set repayment dates.

Notes to and Forming Part of the Financial Statements  
For the Year Ended 31 March 1997

6 FIXED ASSETS

Fixed Assets as at 31 March 1997	Electricity Line \$000	Electricity Energy \$000	Gas Distribution \$000	Gas Retailing \$000	Other \$000	Total \$000
<b>Land</b>						
Capital value	1,535	293	54	46	220	2,148
<b>Buildings</b>						
Capital value	7,473	1,424	261	225	1,073	10,456
less Accumulated depreciation	841	160	29	25	121	1,176
	<b>6,632</b>	<b>1,264</b>	<b>232</b>	<b>200</b>	<b>952</b>	<b>9,280</b>
<b>Furniture and Fittings</b>						
Capital value	2,284	435	80	69	327	3,195
less Accumulated depreciation	1,371	261	48	41	197	1,918
	<b>913</b>	<b>174</b>	<b>32</b>	<b>28</b>	<b>130</b>	<b>1,277</b>
<b>Office Equipment</b>						
Capital value	7,227	1,376	253	218	1,037	10,111
less Accumulated depreciation	3,769	718	132	113	541	5,273
	<b>3,458</b>	<b>658</b>	<b>121</b>	<b>105</b>	<b>496</b>	<b>4,838</b>
<b>Motor Vehicles</b>						
Capital value	2,278	434	80	69	326	3,187
less Accumulated depreciation	1,662	317	58	50	239	2,326
	<b>616</b>	<b>117</b>	<b>22</b>	<b>19</b>	<b>87</b>	<b>861</b>
<b>Network Systems and Generation</b>						
Capital value	130,664		28,558		23,420	182,642
less Accumulated depreciation						
	<b>130,664</b>		<b>28,558</b>		<b>23,420</b>	<b>182,642</b>
<b>Work in Progress</b>	759	144	26	21	113	1,063
<b>Total Fixed Assets</b>	<b>\$144,577</b>	<b>\$2,650</b>	<b>\$29,045</b>	<b>\$419</b>	<b>\$25,418</b>	<b>\$202,109</b>

**7 INVESTMENTS IN ASSOCIATES**

	1997 \$000	1996 \$000
- at cost	181	591
- equity share of retained earnings	61	37
	<u>\$242</u>	<u>\$628</u>

The associate company is Energy Brokers New Zealand Limited (41% shareholding)

**8 OTHER INVESTMENTS**

	1997 \$000	1996 \$000
CentralPower Limited (at cost)	14,691	17,618
Trustpower Limited (at cost)	-	1,780
Other investments (at cost)	187	187
Other advances	359	-
	<u>\$15,237</u>	<u>\$19,585</u>

The market value of the investment in CentralPower Limited as at 31 March 1997 was \$17,204,610 based on a share price of \$3.05 per share.



**Notes to and Forming Part of the Financial Statements**  
For the Year Ended 31 March 1997

**9 CASH**

	1997 \$000	1996 \$000
Cash on hand	2	5
Bank deposits	985	189
Reallocation of term advances facility	13,696	
	<u>\$14,683</u>	<u>\$194</u>

**10 ACCOUNTS RECEIVABLE**

	1997 \$000	1996 \$000
Accounts receivable	11,204	14,279
Accrued sales	8,526	7,840
	<u>\$19,730</u>	<u>\$22,119</u>

**11 INVENTORIES**

	1997 \$000	1996 \$000
Network stores	1,907	2,628
Trading stock	242	352
	<u>\$2,149</u>	<u>\$2,980</u>

Notes to and Forming Part of the Financial Statements  
For the Year Ended 31 March 1997

12 OPERATING REVENUE

Operating Revenue for the year ended  
31 March 1997

	Electricity Line \$000	Electricity Energy \$000	Gas Distribution \$000	Gas Retailing \$000	Other \$000	Total \$000
<b>Comprises:</b>						
Sales	54,085	49,321	8,316	7,575	6,020	125,316
Profit on Sale of Investments	-	-	-	-	1,159	1,159
Dividend revenue	-	-	-	-	977	977
	<b>\$54,085</b>	<b>\$49,321</b>	<b>\$8,316</b>	<b>\$7,575</b>	<b>\$8,156</b>	<b>\$127,452</b>

13 OPERATING SURPLUS BEFORE  
TAXATION

Operating Surplus Before Taxation for  
the year ended 31 March 1997

	Electricity Line \$000	Electricity Energy \$000	Gas Distribution \$000	Gas Retailing \$000	Other \$000	Total \$000
	22,055	2,378	2,812	(296)	(830)	26,119
<b>After Charging</b>						
Energy purchases and transmission	19,034	41,930	2,523	6,874	122	70,483
Repairs and maintenance costs	1,517		230		196	1,943
Personnel costs	7,693	1,096	1,001	2	100	9,892
Depreciation	4,190	12	607	2	448	5,259
Interest expense	(1,588)	(1,186)	9	130	3,469	833
Write-down of building value	280	193	32	14	53	572
Bad debts written off	136	119	19	8	32	314
Bad debts provision	26	23	4	2	5	60
Loss on sale of fixed assets	11	8	-	-	4	23
Rental and operating lease costs	481	331	60	56	55	983
Directors remuneration	110	76	14	13	12	225
Other	140	4,341	1,005	770	4,490	10,746

Notes to and Forming Part of the Financial Statements

For the Year Ended 31 March 1997

14 TAXATION

Taxation for the year ended 31 March 1997	Electricity Line \$000	Electricity Energy \$000	Gas Distribution \$000	Gas Retailing \$000	Other \$000	Total \$000
Operating surplus before taxation	22,055	2,378	2,812	(296)	(830)	26,119
Prima facie taxation @ 33%	7,278	785	928	(98)	(274)	8,619
Plus/(less) tax effect of permanent timing differences	(25)	(2)	(8)	(1)		(36)
Deferred taxation	(345)	(27)	(39)	6	15	(390)
Settlement of income tax in dispute						
Taxation expense	<u>\$6,908</u>	<u>\$756</u>	<u>\$881</u>	<u>(\$93)</u>	<u>(\$259)</u>	<u>\$8,193</u>

Imputation Credit Account

	1997 \$000	1996 \$000
Balance as at 31 March 1996	5,556	-
Imputation credits attached to dividends received during the year	321	295
Imputation credits attached to dividends paid during the year	(8,086)	-
Income tax payments made during the year	7,357	5,261
Balance as at 31 March 1997	<u>\$5,148</u>	<u>\$5,556</u>

Included within this balance is the amount of \$292,000 (1996: \$235,000) imputations credits received by the subsidiary company, Taranaki Energy Limited.

**Notes to and Forming Part of the Financial Statements**  
For the Year Ended 31 March 1997

**15 AUDITORS REMUNERATION**

	1997 \$000	1996 \$000
Amounts paid or payable to the auditors for:		
Auditing financial statements	80	98
Other services	46	-
	<u>\$126</u>	<u>\$98</u>

**16 ASSOCIATE COMPANIES**

	1997 \$000	1996 \$000
Share of operating surplus of associate companies before taxation	55	87
Taxation	18	50
Share of retained profits of associate companies	<u>\$37</u>	<u>\$37</u>

**17 DIVIDENDS**

	1997 \$000	1996 \$000
Interim distributions:		
-Dividends paid on ordinary shares	6,774	7,268
Proposed distributions:		
-Proposed dividend on ordinary shares	7,819	9,643
	<u>\$14,593</u>	<u>\$16,911</u>

**Notes to and Forming Part of the Financial Statements**

For the Year Ended 31 March 1997

**18 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO  
REGULATION 15 AND PART II OF THE FIRST SCHEDULE OF THE  
GAS (INFORMATION DISCLOSURE ) REGULATIONS 1997**

<b>Financial Performance Measures</b>	<b>1997</b>
( i ) Accounting Return on Total Assets	8.21%
( ii ) Accounting Return on Equity	6.33%
( iii ) Accounting Rate of Profit	8.17%
 <b>Efficiency Performance Measures</b>	
( iv ) Direct Line Cost per Kilometre	\$2,118.03
( v ) Indirect Line Cost per Gas Customer	\$94.64

**19 CONTINGENT LIABILITIES AND COMMITMENTS**

There are capital commitments amounting to \$810,055 as at balance date. These commitments are for the purchase of transformers and meters, and are normal business transactions.

The company has guaranteed the obligations of its associate company as they relate to energy purchases on its behalf. The shareholders of Energy Brokers New Zealand Limited have made arrangements with its bankers to provide guarantees up to \$25 million to enable the said company to trade in the wholesale market. Powerco Limited's exposure for this transaction is restricted to its shareholding proportion of 41%. Since balance date the amount of the guarantee has increased to \$40 million.

**20 TRANSACTIONS WITH RELATED PARTIES**

Powerco paid legal fees to Horsley Christie, a firm in which Mr D H Brown, a director, has an interest, and to Rudd Watts & Stone, a firm in which Mr J S Auld, a director, has an interest. The fees were charged on normal terms and conditions and account for 31.7% and 24.9% respectively of total group legal fees.

All directors are energy customers of Powerco under normal terms and conditions of supply.

Powerco is also deemed to have a related party relationship with New Plymouth District Council, being a 45% shareholder in Powerco through its subsidiary Pukeariki Holdings Limited. Powerco paid \$424,255 rent to the New Plymouth District Council at market rate. Powerco also supplies energy to the New Plymouth District Council under normal terms and conditions, the value of sales being 0.43 % of total sales. Rates have been paid to New Plymouth District Council to the value of \$16,500.

Powerco also has related party transactions with its associate company, Energy Brokers New Zealand Limited. The Chief Executive of Powerco Limited is a director of Energy Brokers New Zealand Limited. All electricity energy purchases by Powerco were purchased from Energy Brokers New Zealand Limited. At balance date the amount owing to Energy Brokers New Zealand Limited by Powerco was \$2,984,394. This amount is included within the accounts payable balance in the Statement of Financial Position. Powerco supplies metering assemblies, information systems, accounting and data capture services to Energy Brokers for which it charges a cost recovery rate.

**21 LEASE OBLIGATIONS**

Operating lease obligations payable after balance date on non-cancellable leases are as follows:

	1997 \$000	1996 \$000
Within one year	1,300	492
Between 1-2 years	866	492
Between 2-5 years	140	380
	<u>\$2,306</u>	<u>\$1,364</u>

**Notes to and Forming Part of the Financial Statements**  
For the Year Ended 31 March 1997

**22 EMPLOYEE REMUNERATION**

	No. of Employees
\$100,000 - \$110,000	4
\$110,000 - \$120,000	1
\$120,000 - \$130,000	2
\$290,000 - \$300,000	1

**23 TOP 10 SHAREHOLDERS**

In accordance with section 26 of the Securities Amendment Act 1988, major shareholders in Powerco Limited are listed:

	Shares held	%
1 Pukeariki Holdings Limited	26,277,632	50.41%
2 Taranaki Electricity Trust	7,101,520	13.62%
3 IES New Zealand Limited	4,315,217	8.27%
4 Powerco Community Trust Incorporated	2,243,015	4.30%
5 Hong Kong Bank Nominees (NZ) Limited	1,800,000	3.45%
6 New Zealand Central Securities	1,687,920	3.23%
7 Pamela Margaret Jean Williams	155,291	0.29%
8 Whanganui Power Investments Limited	118,052	0.22%
9 Pamela Williams Family Trust	103,536	0.19%
10 Pohutukawa Nominees Limited	82,919	0.15%
	<b>43,885,102</b>	<b>84.13%</b>

**24 SUBSEQUENT EVENTS**

In August 1997 Powerco Limited purchased 35,050,000 (100% shareholding) shares in Egmont Electricity Limited of Hawera from the South Taranaki District Council, the sole owner, for a consideration of \$89 million.

**25 FINANCIAL INSTRUMENTS**

**(i) Credit risk**

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable. The five largest accounts receivable balances as at 31 March 1997 comprise 8.05% of total accounts receivable. Cash deposits are only made with registered banks. No specific concerns regarding credit risk exist.

The Company performs credit evaluations on customers where possible. New customers with known high credit risk are required to pay a bond before energy is supplied to them.

**(ii) Wholesale electricity purchases**

The Company has exposure to wholesale electricity price fluctuations in respect of the purchase of electricity, in respect of commercial sales commitments at fixed prices over periods of one to two years through its associate company, and domestic sales at prices which may be changed by the Company within commercial limits. The price fluctuation risks are minimised by entering into back to back electricity hedge contracts through its associate company, which are fixed forward supply agreements to ensure the supply of electricity at predetermined prices.

The balance of off Statement of Financial Position financial instruments of the company are as follows:

	1997		1996	
	Contract Amount \$000	Fair Value \$000	Contract Amount \$000	Fair Value \$000
Electricity Purchase Contracts	9,000	9,000	-	-



**26 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO REGULATION 17  
AND PART III OF THE FIRST SCHEDULE OF THE GAS (INFORMATION  
DISCLOSURE ) REGULATIONS 1997**

1997

**26.1 Energy delivery efficiency measures**

( a ) Load Factor	63.60%
( b ) Un-accounted for Gas Ratio	0.79%

**26.2 Statistics**

( a ) System Length	454.93 km
( b ) Maximum monthly amount entering the system	278,367 GJ
( c ) Total amount of gas conveyed	2,089,567 GJ
( d ) Total amount of gas conveyed on behalf of other persons	0 GJ
( e ) Total customers	16,286

**27 DISCLOSURE OF PERFORMANCE MEASURES PURSUANT TO REGULATION 18  
AND PART IV OF THE FIRST SCHEDULE OF THE GAS (INFORMATION  
DISCLOSURE ) REGULATIONS 1997**

<b>27.1 Un-planned interruptions in transmission systems</b>	<b>0</b>
<b>27.2 Un-planned interruptions in distribution systems</b>	
<b>( a ) Un-planned interruptions other than those directly resulting from           un-planned interruptions of a transmission system.</b>	<b>0</b>
<b>( b ) Un-planned interruptions directly resulting from un-planned           interruptions of a transmission system.</b>	<b>0</b>



