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CENTRAL ELECTRIC LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

CENTRAL ELECTRIC LIMITED**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND
INFORMATION SUPPLIED TO SECRETARY OF COMMERCE**

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

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

M.R.N.

Declared at Alexandra this 23rd day of July 1998.

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

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

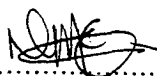
We, Maxwell Robert Naylor and Neil Garry McGregor, Directors of Central Electric Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

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

The valuations on which those financial measurements are based are as at 31 March 1998.



M R Naylor



N G McGregor

23 July 1998

Auditor's Report

To the Directors of Central Electric Limited

Certification by Auditor in Relation to ODV Valuation

We have examined the attached valuation report prepared by J O'Neill of Central Electric Limited and dated 22 June 1998, which contains systems fixed asset valuations, excluding non-system assets as at 31 March 1998.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report in our opinion, have been made in accordance with the Second Edition (28 May 1998) of the Ministry of Commerce's Electricity Line Business ODV Handbook.

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994 and is not to be used for any other purpose without our prior written consent.



Wellington
22 June 1998



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Central Electric Limited and dated 23 July 1998 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

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

A handwritten signature in black ink, appearing to read 'P. D. Helm', with a long, sweeping underline.

Paul D Helm

Audit New Zealand

on behalf of the Controller and Auditor-General

23 July 1998

Dunedin, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being -

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

and having been prepared by Central Electric Limited and dated 23 July 1998 for the purposes of regulation 13 of those regulations.

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

Paul D Helm

Audit New Zealand

on behalf of the Controller and Auditor-General

23 July 1998

Dunedin, New Zealand

CENTRAL ELECTRIC LIMITED

**LINE BUSINESS STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1998****GENERAL ACCOUNTING POLICIES**

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

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

SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

SPECIFIC ACCOUNTING POLICIES**Revenue**

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

All revenue is directly attributable to the Line Business except other corporate income which is allocated on the basis of the relative net asset values.

Expenditure

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

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

Taxation

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

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

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

Accounts Receivable

Accounts receivable are valued at net realisable value.

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

Stock

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

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

Other Current Assets

The other current assets shown in the Balance Sheet have been allocated on the basis of total revenue share per respective business, except for income tax refund which is allocated based on taxation charged.

Current Liabilities

The current liabilities shown in the Balance Sheet include those which are directly attributable to the Line Business and an allocation of Corporate Services current liabilities. These have been allocated on the respective share of total revenue of each activity.

Cash at Bank and Investments

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

Fixed Assets and Depreciation

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

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

Fixed assets shown in the Balance Sheet include those which are directly attributable to the Line Business and an allocation of Corporate Services fixed assets. The allocation of the fixed assets is based on the respective share of total revenue of each business.

Term Liabilities

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

CENTRAL ELECTRIC LIMITED

LINE BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1998

	31.3.98	31.03.97
	\$'000	\$'000
Gross Income	13,861	13,334
less Discount	492	504
Net Income	<u>13,369</u>	<u>12,830</u>
Less Expenditure:		
National Grid Transmission Charges	2,780	2,761
Operating Costs	3,564	3,128
Overheads	2,356	2,878
	<u>8,700</u>	<u>8,767</u>
Earnings before Depreciation, Interest and Taxation	4,669	4,063
Less:		
Depreciation	1,989	1,808
Interest	13	13
	<u>2,002</u>	<u>1,821</u>
Net Profit before Tax	2,667	2,242
Less Taxation	761	671
Net Profit after Tax	1,906	1,571
Less Dividend	25	33
Transferred to Retained Earnings	<u>1,881</u>	<u>1,538</u>

CENTRAL ELECTRIC LIMITED

LINE BUSINESS UNIT

Statement of Financial Position as at 31 March 1998

	31.03.98 \$'000	31.03.97 \$'000
Equity		
Issued and paid up Capital	20,074	20,074
Retained Earnings	7,655	5,774
Total Equity	27,729	25,848
Represented by:		
Current Assets	3,655	3,655
Less: Current Liabilities	5,630	3,190
Net Working Capital	(1,975)	465
Non Current Assets		
Investments	--	--
Fixed Assets	29,828	25,507
Total Assets	27,853	25,972
Less Non Current Liabilities		
Term Liabilities	124	124
Net Assets	27,729	25,848

LINE BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.3.98 \$'000	31.03.97 \$'000
Debtors - less provision for doubtful debts	1,362	1,497
Stock	1,857	2,088
Cash at Bank	-	-
Other Current Assets	436	70
	<u>3,655</u>	<u>3,655</u>

2. Current Liabilities

	31.03.98 \$'000	31.03.97 \$'000
Bank Overdraft	4,573	2,269
Creditors	992	747
Provision for holiday pay	65	174
	<u>5,630</u>	<u>3,190</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.98 Net Book Value	31.03.97 Net Book Value
Reticulation	38,567	16,458	22,109	20,661
Land	279	-	279	279
Motor Vehicles	292	127	165	919
Plant	642	209	433	512
Furniture and Fittings	4	2	2	1
Computer Equipment	107	43	64	88
Office Equipment	3	1	2	1
Capital Work in Progress	3,168	-	3,168	767
Allocation of Corporate Services Assets	4,712	1,106	3,606	474
Allocation of Engineering Services Assets	-	-	--	1,805
	<u>47,774</u>	<u>17,946</u>	<u>29,828</u>	<u>25,507</u>

4. Optimised Deprival Valuation (ODV) of Reticulation Assets

	31.03.98 \$'000	31.03.97 \$'000
Opening ODV Valuation	46,558	46,558
Movements in ODV Valuation	4,774	--
Closing ODV Valuation	<u>51,332</u>	<u>46,558</u>
Net Book Value of Reticulation Assets at time of valuation	22,109	14,425
ODV Valuation exceeds initial Net Asset Value by:	<u>29,223</u>	<u>32,133</u>

The ODV Valuation was undertaken by Ernst & Young as at 31 March 1998 in accordance with the ODV Handbook. While the ODV Valuation has not been used as the basis for valuing the Reticulation Assets in the Financial statements, it has been used for the purposes of calculating the Financial measures pursuant to Regulation 13 and Part 11 of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

CENTRAL ELECTRIC LIMITED

DISCLOSURE OF FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

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

Regulation 13:

	31.3.98	31.03.97	31.03.96	31.03.95
1. Financial Performance Measures				
(a) Accounting Return on Total Assets	4.7%	3.9%	3.9%	3.6%
(b) Accounting Return on Equity	3.3%	2.8%	3.1%	2.4%
(c) Accounting Rate of Profit	11.7%	2.7%	2.6%	2.4%
2. Efficiency Performance Measures				
(a) Direct Line Costs per Kilometre	\$1649.81	\$1506.65	\$1537.71	\$1334.07
(b) Indirect Line Costs per Electricity Customer	\$124.63	\$157.71	\$147.13	\$118.06

Regulation 14A

4. The Optimised Deprival Valuation (established as at 31 March 1998) is \$51,332,505 (1997; \$46,558,396)

Regulation 15:

4. Energy Delivery Efficiency Performance Measures				
(a) Load Factor	53.1%	51.1%	45.9%	59.1%
(b) Loss Ratio	8.4%	8.5%	9.4%	10.0%
(c) Capacity Utilisation	33.9%	36.0%	42.3%	33.3%
5. Statistics				
(a) System Lengths (Kms) - 400V	394.8	384.0	368.0	357.1
- 6.6kV	30.4	29.3	29.3	29.3
- 11kV	1334.2	1312.5	1276.7	1244.8
- 33kV	418.4	416.9	415.9	415.9
TOTAL	2177.8	2142.7	2089.9	2047.1
(b) Circuit Length (overhead) (kms) - 400V	204.6	203.5	203.0	202.2
- 6.6kV	29.8	29.3	29.3	29.3
- 11kV	1237.7	1232.1	1211.0	1201.5
- 33kV	414.5	414.5	413.5	413.5
TOTAL	1886.6	1879.4	1856.8	1846.5
(c) Circuit Length (underground) (kms) - 400V	190.2	180.5	165.0	154.9
- 6.6kV	0.6	0.0	0.0	0.0
- 11kV	96.5	80.4	65.7	43.3
- 33kV	3.9	2.4	2.4	2.4
TOTAL	291.2	263.3	233.1	200.6
(d) Transformer Capacity (kVA)	183,555	182,347	166,087	156,660
(e) Maximum Demand (kW)	62,198	65,700	70,174	52,170
(f) Total Electricity Supplied (Kwh)	289,041,599	293,915,262	282,295,463	269,768,169
(g) Total Electricity conveyed on behalf of other parties	Nil	Nil	Nil	Nil
(h) Total Customers	18,923	18,885	18,250	17,280

Regulation 16:

	31.03.98	31.03.97	31.03.96	31.03.95
6. Reliability Performance Measures				
(a) Class A	0	0	0	0
Class B	133	153	144	161
Class C	188	136	199	149
Class D	0	0	1	3
Class E	0	0	0	0
Class F	0	0	0	0
Class G	0	0	0	0
TOTAL	321	289	344	313
(b) Total Number of Faults per 100 Circuit Kilometres of Lines	10.54	7.73	11.62	9.21
(c) Total Number of Faults per 100 circuit Kilometres of Underground Cable				
- 33kV	0.00	0.00	42.02	0.00
- 11kV	8.29	8.71	9.13	20.77
- 6.6kV	0.00	0.00	0.00	0.00
TOTAL	7.92	8.45	10.28	19.69
(d) Total Number of Faults per 100 Kilometers of Overhead Lines				
- 33kV	3.38	3.38	3.87	2.66
- 11kV	13.01	8.68	14.20	10.07
- 6.6kV	16.78	27.30	17.09	27.34
TOTAL	10.70	7.70	11.67	8.51
(e) The SAIDI for Total of Interruptions	211.50	216.44	431.73	285.67
(f) The SAIDI for Total of Interruptions within each Interruption Class				
Class A	0.00	0.00	0.00	0.00
Class B	73.12	113.23	76.72	81.36
Class C	138.34	103.22	339.16	183.18
Class D	0.00	0.00	15.85	21.13
Class E	0.00	0.00	0.00	0.00
Class F	0.00	0.00	0.00	0.00
Class G	0.00	0.00	0.00	0.00
(g) The SAIFI for Total of Interruptions	3.90	4.23	5.85	6.73
(h) The SAIFI for Total of Interruptions within each Interruption Class				
Class A	0.00	0.00	0.00	0.00
Class B	0.68	1.06	1.01	1.26
Class C	3.25	3.17	4.50	4.64
Class D	0.00	0.00	0.34	0.82
Class E	0.00	0.00	0.00	0.00
Class F	0.00	0.00	0.00	0.00
Class G	0.00	0.00	0.00	0.00
(i) The CAIDI for Total of Interruptions	53.9	51.17	73.85	42.47

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

Class A	0.00	0.00	0.00	0.00
Class B	107.69	107.13	75.75	64.57
Class C	42.62	32.53.	75.43	39.44
Class D	0.00	0.00	47.10	25.69
Class E	0.00	0.00	0.00	0.00
Class F	0.00	0.00	0.00	0.00
Class G	0.00	0.00	0.00	0.00

CENTRAL ELECTRIC LIMITED

ENERGY BUSINESS STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1998

GENERAL ACCOUNTING POLICIES

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

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

SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

SPECIFIC ACCOUNTING POLICIES**Revenue**

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

All revenue is directly attributable to the Energy Business except interest and other corporate income which is allocated on the basis of the relative net asset values.

Expenditure

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

- Electricity purchases, operating costs, depreciation and other costs directly attributable to the Energy Business.
- Overheads relating to Corporate Services are allocated on the basis of the relative net asset values.

Taxation

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

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

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

Accounts Receivable

Accounts receivable are valued at net realisable value.

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

Stock

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

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

Other Current Assets

The other current assets shown in the Balance Sheet have been allocated on the basis of the share of total revenue per respective business, except for income tax refund which is allocated based on taxation charged.

Current Liabilities

The current liabilities shown in the Balance Sheet include those which are directly attributable to the Energy Business and an allocation of Corporate Services current liabilities. These have been allocated in proportion to the share of total revenue of each activity.

Cash at Bank and Investments

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

Fixed Assets and Depreciation

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

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

Fixed assets shown in the Balance Sheet include those which are directly attributable to the Energy Business and an allocation of Corporate Services fixed assets. The allocation of the fixed assets is based on the respective share of total revenue of each business.

Term Liabilities

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

Comparative Figures

The company has divested its appliance sales activities during the 1997 financial year. Comparative figures include \$6.5m in total revenue and \$0.9m in losses that these operations have contributed to the Energy Business.

CENTRAL ELECTRIC LIMITED

ENERGY BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1998

	31.03.98 S'000	31.03.97 '000
Gross Income	13,656	18,411
less Discount	409	603
Net Income	<u>13,247</u>	<u>17,808</u>
Less Expenditure:		
Cost of Power Purchases	9,501	9,553
Cost of Goods Sold	--	4,393
Operating Costs	893	3,174
Overheads	419	480
	<u>10,813</u>	<u>17,600</u>
Earnings before Depreciation, Interest and Taxation	2,434	208
Less:		
Depreciation	324	80
Net Profit before Tax	2,110	128
Less Taxation	602	38
Net Profit after Tax	1,508	90
Less Dividend	20	1
Transferred to Retained Earnings	<u>1,488</u>	<u>89</u>

CENTRAL ELECTRIC LIMITED

ENERGY BUSINESS UNIT

Statement of Financial Position as at 31 March 1998

	31.03.97 \$'000	31.03.97 \$'000
Equity		
Issued and paid up Capital	6,266	6,266
Retained Earnings	2,909	1,421
Total Equity	9,175	7,687
Represented by:		
Current Assets	6,102	5,235
Less: Current Liabilities	1,582	1,302
Net Working Capital	4,520	3,933
Non Current Assets		
Investments	--	--
Fixed Assets	4,655	3,754
Total Assets	9,175	7,687
Net Assets	9,175	7,687

ENERGY BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.98 \$'000	31.03.97 \$'000
Debtors - less provision for doubtful debts	1,127	2,167
Cash at Bank	4,562	2,927
Other Current Assets	413	141
	<u>6,102</u>	<u>5,235</u>

2. Current Liabilities

	31.03.98 \$'000	31.03.97 \$'000
Creditors	1,269	1,035
Sundry	--	113
Provision for Discount	74	74
Provision for Holiday Pay	239	80
	<u>1,582</u>	<u>1,302</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.98 Net Book Value	31.03.97 Net Book Value
Reticulation	88	27	61	47
Motor Vehicles	1,988	1,077	911	91
Plant	95	15	80	1
Furniture and Fittings	19	6	13	1
Office Equipment	17	9	8	1
Computer Equipment	23	17	6	2
Capital Work in Progress	-	-	-	--
Allocation of Corporate Services Assets	4,673	1,097	3,576	3,610
Allocation of Engineering Services Assets	-	-	-	1
	<u>6,903</u>	<u>2,248</u>	<u>4,655</u>	<u>3,754</u>

CENTRAL ELECTRIC LIMITED

**GENERATION BUSINESS STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1998****GENERAL ACCOUNTING POLICIES**

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

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

SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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

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

SPECIFIC ACCOUNTING POLICIES**Revenue**

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

All revenue is directly attributable to the Generation Business except interest and other corporate income which is allocated on the basis of the relative net asset values.

Expenditure

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

- Electricity Purchases, Operating costs, interest and depreciation are directly attributable to the Generation Business.
- Overheads relating to Corporate Services are allocated on the basis of the relative net asset values.

Taxation

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

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

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

Stock

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

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

Other Current Assets

The other current assets shown in the Balance Sheet have been allocated on the basis of the share of total revenue per respective business, except for income tax refund which is allocated based on taxation charged.

Current Liabilities

The current liabilities shown in the Balance Sheet include those which are directly attributable to the Generation Business and an allocation of Corporate Services and Engineering Services current liabilities. These have been allocated in proportion to the share of total revenue of each activity.

Cash at Bank and Investments

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

Fixed Assets and Depreciation

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

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

Investigation work on new hydro electric schemes has been capitalised.

Fixed assets shown in the Balance Sheet include those which are directly attributable to the Generation Business and an allocation of Corporate Services fixed assets. The allocation of the fixed assets is based on the relative share of total revenue of each business activity.

Term Liabilities

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

CENTRAL ELECTRIC LIMITED

GENERATION BUSINESS UNIT

Statement of Financial Performance for the Year ended 31 March 1998

	31.03.98 \$'000	31.03.97 \$'000
Gross Income	3,961	3,834
less Discount	-	1
Net Income	<u>3,961</u>	<u>3,833</u>
Less Expenditure:		
Operating Costs	1,645	963
Overheads	553	1,167
	<u>2,198</u>	<u>2,130</u>
Earnings before Depreciation, Interest and Taxation	1,763	1,703
Less:		
Depreciation	338	272
Interest	220	217
	<u>558</u>	<u>489</u>
Net Profit before Tax	1,205	1,214
Less Taxation	344	364
Net Profit after Tax	861	850
Less Dividend	11	17
Transferred to Retained Earnings	<u>850</u>	<u>833</u>

CENTRAL ELECTRIC LIMITED

GENERATION BUSINESS UNIT

Statement of Financial Position as at 31 March 1998

	31.03.98	31.03.97
	\$'000	\$'000
Shareholders Funds		
Issued and paid up Capital	11,148	11,148
Retained Earnings	4,395	3,545
Total Shareholders funds	<u>15,543</u>	<u>14,693</u>
Represented by:		
Current Assets	1,833	1,441
Less: Current Liabilities	162	398
Working Capital (Deficit)	<u>1,671</u>	<u>1,043</u>
Investments	3,011	3,550
Fixed Assets	13,861	13,100
Total Assets	<u>18,543</u>	<u>17,693</u>
Less: Term Liabilities	3,000	3,000
Net Assets	<u>15,543</u>	<u>14,693</u>

GENERATION BUSINESS NOTES TO THE ACCOUNTS

1. Current Assets

	31.03.98 \$'000	31.03.97 \$'000
Cash at Bank	212	324
Other Current Assets	88	71
Short Term Deposit	1,533	1,046
	<u>1,833</u>	<u>1,441</u>

2. Current Liabilities

	31.03.98 \$'000	31.03.97 \$'000
Creditors	111	323
Provision for holiday pay	51	75
	<u>162</u>	<u>398</u>

3. Fixed Assets

	Cost	Accum Deprec	31.03.98 Net Book Value	31.03.97 Net Book Value
Land	1,822	-	1,822	320
Generation	14,397	3,977	10,420	9,806
Plant	14	5	9	4
Vehicles	411	210	201	134
Capital Work in Progress	951	-	951	799
Allocation of Corporate Services Assets	599	141	458	1,805
Allocation of Engineering Services Assets	-	-	-	232
	<u>18,194</u>	<u>4,333</u>	<u>13,861</u>	<u>13,100</u>



