

New Zealand Gazette

OF THURSDAY, 2 SEPTEMBER 1999

WELLINGTON: WEDNESDAY, 8 SEPTEMBER 1999 — ISSUE NO. 113

WAITAKI POWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

WAITAKI POWER LIMITED**STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 31 MARCH 1999**

	NOTE	1998-99	1997-98
		LINES	LINES
INCOME			
Sales Revenue	1	6,879,044	6,362,995
Interest	2	138,822	0
Other	3	166,303	138,207
		<u>7,184,169</u>	<u>6,501,202</u>
EXPENSES			
Expenses	4	<u>5,073,528</u>	<u>5,181,052</u>
SURPLUS / (DEFICIT) FROM OPERATIONS			
		2,110,641	1,320,150
Discount		219,846	410,467
Revaluation		<u>0</u>	<u>92,101</u>
Earning Before Interest And Tax			
Interest Expende		1,890,795	1,001,784
		45,156	0
NET SURPLUS / (DEFICIT) BEFORE TAX			
		<u>\$1,845,639</u>	<u>\$1,001,784</u>
Tax		691,765	308,078
NET SURPLUS / (DEFICIT) FOR THE YEAR			
		<u>\$1,153,874</u>	<u>\$693,706</u>

STATEMENT OF MOVEMENT IN EQUITY FOR YEAR ENDED 31 MARCH 1999

Equity at Start of Period	6	11,497,885	8,248,266
Net Surplus/Deficit for Period		<u>1,153,874</u>	<u>693,706</u>
Total Recognised Revenues and Expenses		<u>1,153,874</u>	<u>693,706</u>
Equity at End of the Period		<u>\$12,651,759</u>	<u>\$8,941,972</u>

WAITAKI POWER LIMITED

CURRENT ASSETS		
Bank, Cash, Short-Term Investments	4,984,942	569,060
Trade Debtors	642,445	711,817
Other Debtors	0	0
Prepayments	0	17,042
Other Current Assets	81,233	159,076
TOTAL CURRENT ASSETS	\$5,708,620	\$1,456,995
FIXED ASSETS	5	8,196,232
TOTAL TANGIBLE ASSETS	13,904,943	9,522,231
TOTAL INTANGIBLE ASSETS	0	0
TOTAL ASSETS	\$13,904,943	\$9,522,231
CURRENT LIABILITIES		
Accounts Payable	396,066	336,658
Accrued Payroll	3,701	0
Holiday Pay	51,586	30,548
Gratuity	66,833	
Dividend Provision	0	
GST	61,436	38,301
TOTAL CURRENT LIABILITIES	\$579,622	\$405,507
FUNDING		
Long-Term Debt	500,000	0
Equity	12,651,759	8,941,972
Deferred Tax	173,562	174,752
TOTAL FUNDING	13,325,321	9,116,724
TOTAL EQUITY AND LIABILITIES	\$13,904,943	\$9,522,231

WAITAKI POWER LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 1999**

	NOTE	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from Customers		\$6,894,873
Interest		\$138,822
GST		\$23,135
Income Tax		\$159,076
Cash was disbursed to:		
Payments to Suppliers		(\$3,700,329)
Employees		(\$448,436)
Income Tax		(\$692,955)
FBT		(\$12,885)
Interest Paid		(\$45,156)
GST		0
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>\$2,316,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from Sales of Fixed Assets		\$0
Collection on Loans		\$0
Cash was applied to:		
Cash Outflows for Fixed Assets		(\$956,176)
Investments		\$0
CASH FLOWS FROM INVESTING ACTIVITIES		<u>(\$956,176)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Loan Transferred from other activities		\$500,000
Cash was applied to:		
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>\$500,000</u>
NET INCREASE (DECREASE) IN CASH HELD		\$1,859,969
Add Opening Cash Brought Forward		\$569,060
Equity Transferred From Other	6	\$2,555,913
ENDING CASH CARRIED FORWARD		<u>\$4,984,942</u>

WAITAKI POWER LIMITED**NOTE 1: SALES - FOR THE YEAR ENDED 31 MARCH 1999**

	1998-99 LINES	1997-98 LINES
Electricity Retailers Not In Prescribed Relationship	586,080	0
Direct Charges to Customers	6,169,254	6,362,995
AC rental rebates	123,710	0
	<u>\$6,879,044</u>	<u>\$6,362,995</u>

NOTE 2: INVESTMENT INCOME - FOR THE YEAR ENDED 31 MARCH 1999

Short term Investments	137,753	0.00
Use of Money Interest	1,069	0.00
	<u>\$138,822</u>	<u>\$0.00</u>

NOTE 3: OTHER INCOME - FOR THE YEAR ENDED 31 MARCH 1999

Prompt Payment Discounts Disallowed	41,568	42,855
Capital Contributions	123,646	84,489
Other	1,089	10,863
	<u>\$166,303</u>	<u>\$138,207</u>

NOTE 4: EXPENSES - FOR THE YEAR ENDED 31 MARCH 1999

Included within expenses are:		
Bad Debts	1,406	19,900
Loss/Gain on sales of assets	0	3,118
Lease charge	455	6,120
Transfer Payment by line business to "Other" for:		
Meter data	0	
Consumer-based load control	0	
Disconnection/reconnection service	0	
Asset maintenance services	366,201	
Avoided transmission charges on account of own generation	0	
Other good and services provided to line business	0	
Expenses to non-related entities for:		
Meter data	0	
Consumer-based load control	0	
Disconnection/reconnection services	0	
Asset maintenance services	178,454	
Avoided transmission charges on account of any cause other than own generation	0	
Transmission Charges	2,834,271	
Employees salaries and redundancies	473,175	
Customer billing and information system expense	61,056	
Depreciation:		
System fixed assets	685,224	
Capital works under construction	0	
Other Assets	139,865	
Total Depreciation	<u>825,089</u>	700,070

WAITAKI POWER LIMITED**NOTE 4: EXPENSES - FOR THE YEAR ENDED 31 MARCH 1999 - continue**

	1998-99 LINES	1997-98 LINES
Corporate and Administration:		
Telephone, fax, cafeteria	17,766	
Insurance and security	21,812	
Accounting, treasury, auditing, bank fees, directors, trust, donations, subscriptions	130,870	
Total	<u>170,448</u>	
Human Resource Expenses		
FBT	12,885	
ACC	(3,452)	
Superannuation	29,523	
Training	25,485	
Recruitment	0	
Total	<u>64,441</u>	
Marketing/Advertising	6,046	
Bad debts and collection expenses	0	
Merger and acquisition expenses	0	
Takeover defence expenses	0	
Research and development expenses	0	
Consultancy and legal expenses	29,192	
Amortised goodwill	0	
Subvention payments	0	
Other expenses not listed above	63,294	
TOTAL	<u><u>\$5,073,528</u></u>	

NOTE 5: FIXED ASSETS

Distribution	7,302,121	7,462,712
Centralised Load Control Equipment	312,372	
Land and Buildings	298,182	170,701
Motor Vehicles	88,722	29,716
Office Equipment	193,704	
Plant and Equipment	0	
Capital Works Under Construction		402,107
Subtransmission assets		
Zone Substations		
Distribution lines assets	1,222	
Medium voltage switchgear		
Distribution transformers		
Distribution substations		
Low voltage lines and cables		
Other system fixed assets		
Total Fixed Assets	<u><u>\$8,196,323</u></u>	<u><u>\$8,065,236</u></u>

NOTE 6: OPENING EQUITY

The opening equity for the 1998-99 year has been adjusted to reflect the allocation method required in the Electricity (Information Disclosure) Regulations 1999. The value of the adjustment is \$2,555,913.

NOTE 7: OPTIMISED DEPRECIATED VALUE

Pursuant to Regulation 19 of the Electricity (Information Disclosure) Regulations 1999:
The Optimised Depreciated Value as April 1 1997 was \$43,207,488, less meters and relays \$1,967,715 = \$41,239,773.

WAITAKI POWER LIMITED**STATEMENT OF ACCOUNTING POLICIES****1. REPORTING ENTITY**

- 1.1 Waitaki Power Limited is an unlisted Company registered under the Companies Act 1993. Waitaki Power Limited is a reporting entity for the purpose of the Financial Reporting Act 1993.

2. SPECIAL PURPOSE FINANCIAL STATEMENTS

- 2.1 These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.

3. MEASUREMENT BASE

- 3.1 The measurement base adopted is that of historical cost for all assets except Land and Buildings for which modified historical cost has been adopted.

- 3.2 Accrual accounting is used to match expenses and revenues.

- 3.3 Reliance is placed on the fact that the Company is a going concern.

4. ACCOUNTING POLICIES

- 4.1 Accounts Receivable are shown at expected realisable value after providing for doubtful debts.

- 4.2 Inventories are valued at the lower of cost and net realisable value. Serial numbered stock is recorded at their individual cost, while other stock is recorded at weighted average cost.

- 4.3 Land and buildings are valued at net current value. Distribution and Substation assets in place prior to 1 April 1987 and Motor Vehicles, Plant and Equipment purchases prior to 1 April 1987 have been valued as follows:

- A) Distribution – current written down book value as at 31 March 1987 less 20%.
 B) Substation Equipment – depreciated replacement cost certified internally by a registered engineer.

All other assets are valued at cost less accumulated depreciation:

Globo Distribution System	5.0 % SL
Distribution System	5.0% -9.5% DV
Substation Transformers etc	7.5% DV
Distribution Transformers	7.5% DV
Buildings	1.0% SL – 2.5% SL
Office Equipment and Furniture	12.0% DV – 50% DV
Plant/Machinery	10.0% DV – 50% DV
Motor Vehicles	15.0% DV – 26.0% DV

- 4.4 These accounts are exclusive of GST except for Debtors and Creditors.

- 4.5 Income tax expense has been calculated using the liability method. Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

- 4.6 Investments are stated at cost.

- 4.7 Contributions received towards capital works are charged to the Statement of Financial Performance and shown as income earned during the year in which they are received.

- 4.8 Employee Entitlements. Provisions is made in respect of the Company's liability for annual, long-service and retirement leave. Annual and long-service leave has been calculated on an actual entitlement basis at current rates of pay, whilst the other provisions have been calculated on an actuarial basis at current rates of pay.

5. CHANGE IN ACCOUNTING POLICY

- 5.1 Accounting policies have been applied consistently with the previous year.

6. METHODOLOGY OF SEPARATION OF BUSINESS

- 6.1 The costs, revenues, assets and liabilities for the 1999 disclosures have been allocated in accordance with the Electricity (Information Disclosure) Regulations 1999. The basis of allocation adopted this year is the avoidable cost methodology.

WAITAKI POWER LIMITED
DISCLOSURE OF FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES
YEAR ENDED 31 MARCH 1999

		1999	1998	1997	1996
1. Financial Performance Measures					
Accounting return on total assets -	Before discount	-	4.52%	4.38%	3.88%
	After discount	-	3.60%	2.49%	1.49%
Accounting return of equity -	Before discount	2.06%	3.54%	3.45%	2.51%
	After discount	1.72%	2.92%	2.19%	0.91%
Accounting rate of profit -	Before discount	-	3.59%	2.12%	3.74%
	After discount	-	2.68%	0.87%	1.35%
Accounting return on funds -	Before discount	3.43%	-	-	-
	After discount	2.93%	-	-	-
Accounting return on investments -	Before discount	2.11%	-	-	-
	After discount	1.77%	-	-	-
2. Efficiency Performance Measures					
Direct line costs per kilometer		\$525.45	\$601.82	\$633.11	\$834.88
Indirect line costs per customer		\$39.54	\$69.62	\$81.59	\$88.68
3. Energy Delivered Efficiency Performance Measures					
Load factor %		65.37	62.78	56.29	58.00
Loss ratio %		5.81	6.00	6.00	6.40
Capacity utilisation %		26.46	27.06	29.39	30.00
4. Optimised Deprival Valuation					
		\$40,068,559	\$40,608,575	\$43,207,488	\$42,909,283
5. Network Statistics					
System Length (km)	33kV	138.119	138.121	138.121	138.163
	11kV	1530.012	1,528.684	1,517.869	1,508.409
	400V	217.090	216.970	216.704	215.807
	Total	1,885.221	1,883.775	1,872.694	1,862.379
Overhead Circuit Length (km)	33kV	137.842	137.844	137.844	137.885
	11kV	1,510,610	1,509,252	1,498,361	1,491,022
	400V	187.572	187.472	187.726	187.446
	Total	1,836.024	1,834.568	1,823.931	1,816.353
Underground Circuit Length (km)	33kV	0.277	0.277	0.277	0.278
	11kV	19.402	19.432	19.508	17.387
	400V	29.518	29.498	28.978	28.361
	Total	49.197	49.207	48.763	46.026
Transformer Capacity (kVA)	33kV	117,303	113,385	112,522	110,467
	11kV	125	150	150	25
	400V	117,428	113,535	112,672	110,492
	Total				
Maximum Demand (kW)		31,072	30,728	33,112	33,141
Total Electricity Supplied (kWh)		177,930,129	168,982,164	163,278,033	158,500,435
Total Electricity Conveyed for Others (kWh)		167,588,545	1,780,956	507,715	383,200
Total Customers (connection points)		11,856	11,881	12,205	11,782

6. Reliability Performance Measures

	TARGETS							YEAR ENDED 31 MARCH		
	2004	2003	2002	2001	2000	1999	1998	1997	1996	
Number of Interruptions										
A Planned Transpower	8	8	10	10	10	0	0	0	0	
B Planned Distributor	80	80	80	80	80	8	27	56	21	
C Unplanned Distributor						76	139	88	68	
D Unplanned Transpower						0	0	0	1	
E Unplanned ECNZ						0	0	0	0	
F Unplanned Generator						0	0	0	0	
G Unplanned Other						0	0	0	0	
Total	88	88	90	90	90	84	166	144	90	
Proportion of Class C Interruptions Not Restored Within:						7.89%				
						0%				
Total Number of Faults per 100km of HV System						5.036	9.959	8.696	5.466	
Total Number of faults per 100km of Underground HV Circuit						0	0	0	0	
33kV	0	0	0	0	0	0	0	0	0	
11kV	8	8	8	10	10	10.308	10.292	10.252	11.503	
Total	8	8	8	10	10	10.163	10.148	10.109	11.322	
Total Number of Faults per 100km of Overhead HV Circuit						0.725	0	0	1.450	
33kV	1	1	1	1	1	0.725	0	0	1.450	
11kV	5	5	5	5	5	4.832	5.698	5.740	5.768	
Total	51	51	51	68	76	4.489	5.221	5.256	5.402	
SAIDI						63.280	87.410	103.580	90.745	
Total Interruptions						0	0	0	0	
A Planned Transpower	10	10	10	12	12	12.680	14.840	49.940	27.938	
B Planned Distributor	41	41	41	56	64	50.600	72.570	53.640	61.117	
C Unplanned Distributor						0	0	0	1.690	
D Unplanned Transpower						0	0	0	0	
E Unplanned ECNZ						0	0	0	0	
F Unplanned Generator						0	0	0	0	
G Unplanned Other						0	0	0	0	

6. Reliability Performance Measures - Continued

SAIFI	Total interruptions	TARGETS					YEAR ENDED 31 MARCH			
		2004	2003	2002	2001	2000	1999	1998	1997	1996
	A Planned Transpower	0.85	0.85	0.85	0.9	0.95	1.330	1.450	0.930	1.193
	B Planned Distributor	0.08	0.08	0.08	0.1	0.1	0.060	0.130	0.310	0.202
	C Unplanned Distributor	0.77	0.77	0.77	0.8	0.85	1.270	1.320	0.620	0.850
	D Unplanned Transpower						0	0	0	0.141
	E Unplanned ECNZ						0	0	0	0
	F Unplanned Generator						0	0	0	0
	G Unplanned Other						0	0	0	0
CAIDI	Total interruptions	55	55	60	75	90	47,820	60,320	110,900	76,057
	A Planned Transpower						0	0	0	0
	B Planned Distributor	120	120	130	130	150	219,550	115,460	160,160	138,100
	C Unplanned Distributor	50	50	50	55	55	39,990	54,960	86,220	71,902
	D Unplanned Transpower						0	0	0	12,000
	E Unplanned ECNZ						0	0	0	0
	F Unplanned Generator						0	0	0	0
	G Unplanned Other						0	0	0	0

Regulation 9 - Transactions Between Parties

Waitaki Power Limited has a contracting division that provides services to the Lines Business Unit. The services provided are for the maintenance of the network and capital construction of System Fixed Assets. The standard charge for these services are:

Labor \$30.00 per hour	
External Purchases and Charged at Cost	
Stores issues cost plus 7% for stores charges	
Transport Costs-	
Light Truck	68c per km
Heavy Truck	\$1.59c per km
Capital Construction	
Zone Substation	\$82,810
Distribution Lines	\$53,817
Transformers	\$41,664
Low Voltage Reticulation	\$53,490
Other	\$38,343
Maintenance	\$366,201
Cost of Consumer Connections and Disconnector's	\$0

WAITAKI POWER LIMITED

DERIVATION OF FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

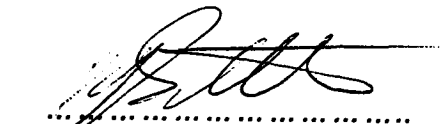
	Symbol	Calculations	Before Discount	After Discount	ROI	ROI
			ROF	ROF	ROE	ROE
Earnings before int and tax EBIT	a		2110641	0	2110610	0
Net profit after tax NPAT	n		0	1301171	0	1153874
Amortised Goodwill	g		0	0	0	0
Subvention Payment	s		0	0	0	0
Depreciation of SFA at BV	d		825089	825089	825089	825089
ODV Depreciation tax adjustment	b		1441230	1441230	1441230	1441230
Subvention Payment tax adjustment			0	-203327	-203327	-203327
Interest Tax Shield	q	s*	0	0	0	0
Revaluation	r		0	0	14901	14901
Income tax	p		764314	0	764314	0
Numerator (as adjusted)			1494500	888357	918581	771315
Fixed assets at year beginning (FA ₀)			8065236	0	8065236	0
Fixed assets at year end (FA ₁)			8196323	0	8196323	0
Net Working Capital at year beginning (NWC ₀)			1051488	0	1051488	0
Net Working Capital at year end (NWC ₁)			5128998	0	5128998	0
Average total funds employed (ATFE)	c	$= \frac{(FA_0 + FA_1 + NWC_0 + NWC_1)}{2}$	11221023	0	11221023	0
Total Equity at year beginning (TE ₀)			0	8941972	0	8941972
Total Equity at year end (TE ₁)	k	$= (TE_0 + TE_1)/2$	0	12651759	0	12651759
Average total equity			0	10796866	0	10796866
Works under construction at beginning (WUC ₀)			0	0	0	0
Works under construction at year end (WUC ₁)			0	0	0	0
Average total Works under Construction	e	$= \frac{(WUC_0 + WUC_1)}{2}$	0	0	0	0
Revaluations	r		0	0	0	0
Goodwill asset at year beginning (GW ₀)			0	0	0	0
Goodwill asset at year end (GW ₁)	m	$= (GW_0 + GW_1)/2$	0	0	0	0
Average Goodwill Asset			0	0	0	0
Subvention payment for previous year (S ₀)			0	0	0	0
Subvention payment for this year (S ₁)			0	0	0	0
Subvention payment tax adjustment for previous year		$= S_{0t}$	0	0	0	0
Subvention payment tax adjustment for this year		$= S_{1t}$	0	0	0	0
Average subvention payment & related tax adjustment	v	$= \frac{(S_0 + S_1 + S_{0t} + S_{1t})}{2}$	0	0	0	0
System Fixed assets at year beginning at book value (SFA _{0,bov})			7632839	7632839	7632839	7632839
System Fixed assets at year end at book value (SFA _{1,bov})	f	$= \frac{(SFA_{0,bov} + SFA_{1,bov})}{2}$	7912675	7912675	7912675	7912675
Average value of system fixed assets at book value			7772757	7772757	7772757	7772757
System Fixed assets at year end at ODV value (SFA _{0,odv})			40361715	40361715	40361715	40361715
System Fixed assets at year end at ODV value (SFA _{1,odv})			39821699	39821699	39821699	39821699
Average value of system fixed assets at ODV value	h	$= \frac{(SFA_{0,odv} + SFA_{1,odv})}{2}$	40091707	40091707	40091707	40091707
Denominator (as adjusted)			43539973	43115816	43539973	43539973
Financial Performance Measure:			3.43%	2.06%	2.11%	1.77%
				2.93%	1.72%	

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

We, Kenneth James Scott and Graeme Neville Robinson, Directors of Waitaki Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) The attached audited financial statements of Waitaki Power Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Waitaki Power Limited, and having been prepared for the purpose of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 1999.


.....
Kenneth James Scott


.....
Graeme Neville Robinson

Date: 12 August 1999


Date: 12 August 1999

CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

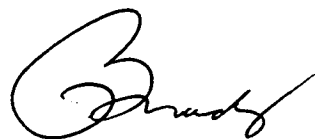
We, Graeme Neville Robinson and Anthony John Brady, directors of Waitaki Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

- (a) the attached valuation report of Waitaki Power Limited, prepared for the purposes of Electricity (*Information Disclosure*) Regulations 1999, complies with the requirements of these regulations, and
- (b) the Optimised Depreciated Replacement Cost of the line business system fixed assets of Waitaki Power Limited is \$40,992,913.00
- (c) the Optimised Deprival Valuation of the line business system fixed assets of Waitaki Power Limited is \$40,992,913.00
- (d) The valuation of the lines business assets of Waitaki Power Limited including system and non-system fixed assets and net working capital, is \$41,239,773.00
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 1997.



Graeme Neville Robinson
20 August 1999



Anthony John Brady
20 August 1999.

Coopers
& Lybrand

chartered accountants
and business advisers

PO Box 48
DX CP24073
Coopers & Lybrand Tower
23-29 Albert Street
Auckland
New Zealand

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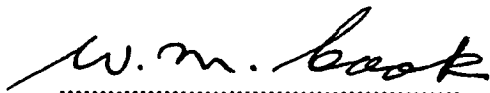
17 October 1997

The Directors
Waitaki Power Limited
P O Box 345
OAMARU 8915

**CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION
OF WAITAKI POWER LIMITED'S LINE BUSINESS**

I have examined the valuation report prepared by Coopers & Lybrand and dated 31 July 1997, which report contains valuations as at 31 March, 1997.

2. 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.



.....
WILLIAM MURRAY COOK

17 October 1997



Audit New Zealand

AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF WAITAKI POWER LIMITED

We have audited the accompanying financial statements of Waitaki Power Limited. The financial statements provide information about the past financial performance of Waitaki Power Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on page 6.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Waitaki Power Limited as at 31 March 1999 and the results of its operations and cash flows for the year then ended.

Auditor's Responsibilities

It is the responsibility of the Audit Office to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Controller and Auditor-General has appointed K J Boddy, of Audit New Zealand, to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements and performance information. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Waitaki Power Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Waitaki Power Limited.

Qualified Opinion – Comparative Figures Omitted

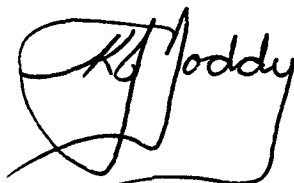
Paragraph 2.18 of the Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits energy companies to exclude comparative figures where disclosures are made for the first time for the current disclosure year. Waitaki Power Limited has taken advantage of this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of Waitaki Power Limited do not comply with Financial Reporting Standard No. 2, *Presentation of Financial Reports*, or the Electricity (Information Disclosure) Regulations 1999.

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Waitaki Power Limited as far as appears from our examination of those records; and
- except for the omission of comparative figures referred to above, the financial statements referred to above;
 - comply with generally accepted accounting practice; and
 - give a true and fair view of the financial position of Waitaki Power Limited as at 31 March 1999 and the results of its operations and cash flows for the year then ended; and
 - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 19 August 1999 and our opinion is expressed as at that date.



K J Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General
Christchurch, New Zealand



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being –

- (a) The derivation table specified in regulation 16; and
- (b) Financial performance measures specified in clause 1 of Part 3 of the Schedule 1 of the Electricity (Information Disclosure) Regulations 1999; and
- (c) Financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule, -

and having been prepared by Waitaki Power Limited and dated 12 August 1999 for the purposes of regulation 15 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) Regulations 1999.

K. J. Boddy

Audit New Zealand

On behalf of the Controller & Auditor-General

Christchurch, New Zealand

19 August 1999



