

New Zealand Gazette

OF THURSDAY, 16 SEPTEMBER 1999

WELLINGTON: FRIDAY, 17 SEPTEMBER 1999 — ISSUE NO. 126

ELECTRICITY ASHBURTON LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

**ELECTRICITY ASHBURTON LIMITED - LINE BUSINESS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 1999**

Statutory Base

Electricity Ashburton Limited is a Co-operative company registered under the Co-operative Companies Act 1996.

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 from the consolidated financial statements of parent company Electricity Ashburton Limited and the wholly owned subsidiary Ashburton Refrigeration (1997) Limited as at 31 March 1999.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a modified historic cost basis have been followed.

Accounting Policies

a) Revenue

Line revenue is recognised as actual amounts invoiced during the period.
Capital contributions are recognised as revenue in the year of receipt.

b) Transmission Charges

Transmission charges are recognised as a direct cost to the line business activity.

c) Depreciation

Depreciation has been provided on all tangible fixed assets other than freehold land on the following basis and at the following rates which amortise the cost of the asset over their economic lives.

Fixed Assets:

Distribution Network	1.4 % to 6.7% straight line
Buildings	
- concrete	1% straight line
- brick	2% straight line
- wooden	2.5% straight line
Motor Vehicles	18% to 31.2 % diminishing value
Plant & Equipment	10% to 60.0% diminishing value

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

d) Income Taxation

The income taxation expense charged against the operating surplus for the year is the estimated liability in respect of that operating surplus and is calculated after allowance for permanent differences. . Deferred Taxation is calculated on the comprehensive basis using the liability method (see Note 1). Future tax benefits attributable to tax losses or timing differences are only realised when there is virtual certainty of realisation.

e) Valuation of Assets

Land is stated at cost, all other fixed assets (except distribution assets) are stated at cost less accumulated depreciation.

All distribution system assets were revalued on an Optimised Deprival Value (ODV) basis by Coopers & Lybrand as at 1 April 1997. Subsequent additions to the distribution network are recorded at cost. Distribution system assets will be revalued at least once every three years.

f) Accounts Receivable

Receivables are shown at net realisable value. All known bad debts have been written off during the year.

g) Inventories

Inventories are valued at the lower of cost, determined on a weighted average cost basis, and net realisable value.

h) Goods and Services Tax (GST)

These financial statements have been prepared exclusive of GST with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

i) Allocation Methodologies

Allocation of costs, revenues, assets and liabilities have been allocated in accordance with the Electricity (Information Disclosure) Regulations 1999.

Changes in Accounting Policies

There have been no material changes in accounting policies. All accounting policies have been applied on bases consistent with those used in the previous year.

**ELECTRICITY ASHBURTON LIMITED - LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1999**

	Notes	1999 \$	1998 \$
Revenue :			
Line Charges - Other Retailers		19,769	
Line Charges - Consumers		11,666,674	
Other		132,274	
Interest			
Gain on Sale of Assets		10,000	
Total Revenue		11,828,717	11,389,813
Operating Expenditure :			
Transmission Charges		3,120,298	
Internal Transfer Payments :			
Distribution System Maintenance		1,540,284	
Disconnections & Reconnections		5,062	
Metering Data		10,742	
Load Control Services		5,004	
Avoided Transmission Charges		0	
Other Services		0	
External Payments :			
Distribution System Maintenance		64,672	
Disconnections & Reconnections		0	
Metering Data		0	
Load Control Services		0	
Salaries & Redundancies		1,015,116	
Consumer Billing & Info Sys		0	
Depreciation :			2,887,728
System F/Assets		2,298,873	
Works Under Construction		0	
Other		475,682	
Corporate & Administration		497,674	
Human Resources		171,360	
Marketing / Advertising		0	
Merger & Acquisition		0	
Takeover Defence		0	
Research & Development		0	
Consultancy / Legal		65,473	
Electricity Hedges		0	
Amortised Goodwill			
Subvention Payments		0	
Loss on Sale of Assets		28,101	
Other Expenses		280,605	6,479,086
Total Expenditure		9,578,946	9,366,814
Operating Surplus		2,249,771	2,022,999
Customer Deferred Discount	8	1,569,813	783,612
Earnings before Interest and Taxation		679,958	1,239,387
Interest Paid		120,207	118,456
Taxation		1,054,431	566,047
Net Profit after Taxation		(494,680)	\$554,884

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 1999**

	1999 \$	1998 \$
EQUITY AT THE START OF THE YEAR	55,069,210	28,650,981
Surplus and Revaluations :		
Operating Surplus after Taxation	(494,680)	554,884
Deferred Taxation on Distribution System Revaluation	3,146,726	(5,523,894)
Revaluation of Distribution System		31,387,239
Total Recognised Revenue and Expenses for the Period	2,652,046	26,418,229
Other Movements :		
Metering Assets Revaluation Reserve Transferred to Other Business	815,273	
EQUITY AT THE END OF THE YEAR	\$56,905,983	\$55,069,210

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1999**

	Notes	1999 \$	1998 \$
CURRENT ASSETS :			
Bank and Short Term Deposits		595,615	(1,423,501)
Refund Taxation		320,098	
Inventories		650,000	857,797
Current A/c ARL		141,878	
Accounts Receivable	4	<u>483,486</u>	<u>950,341</u>
Total Current Assets:		2,191,077	384,637
FIXED ASSETS :			
System Fixed Assets	2 & 3	61,604,319	
Centralised Load Control Equipment		105,616	
Information System Assets		564,094	
Motor Vehicles		201,136	
Office Equipment		224,403	
Land & Buildings		2,316,065	
Capital Works Under Construction		<u>253,265</u>	
Total Fixed Assets		65,268,898	63,994,837
TOTAL ASSETS		<u>\$67,459,975</u>	<u>\$64,379,474</u>
CURRENT LIABILITIES :			
Provision for Taxation		100,000	35,680
Accounts Payable	5	3,440,820	1,075,048
Bank Loan		<u>2,250,000</u>	<u>1,000,000</u>
Total Current Liabilities		5,790,820	2,110,728
FUNDING :			
Issued Capital :			
Deferred Shares	7	23,191,670	23,191,670
Rebate Shares		1,008,330	1,008,330
Share Premium Reserve		1,756,173	1,756,173
Revaluation Reserve		28,194,798	25,863,345
Retained Earnings		<u>2,755,012</u>	<u>3,249,692</u>
Total Shareholders Equity		56,905,983	55,069,210
Other Funding :			
Deferred Taxation		4,738,649	7,199,536
Industry Loan		<u>24,523</u>	
Total Other Funding		4,763,172	7,199,536
TOTAL EQUITY & LIABILITIES		<u>\$67,459,975</u>	<u>\$64,379,474</u>

For and on behalf of the Board

 DIRECTOR

 DIRECTOR

DATE 26 August 1999

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 1999**

FINAL

	Notes	Parent 1999 \$
CASH FLOWS FROM OPERATING ACTIVITIES :		
Cash was Provided from :		
Receipts from Customers		12,347,705
Receipts from Interest		<u>12,347,705</u>
Cash was Disbursed for :		
Payments to Suppliers & Employees		(6,320,739)
Interest Paid		(122,327)
Net GST Movement		346,314
Taxation Expense		<u>(624,370)</u>
		(6,721,122)
Net Cash Flows from Operating Activities	10	<u>5,626,583</u>
CASH FLOWS FROM INVESTING ACTIVITIES :		
Cash was Provided from :		
Sale of Fixed Assets		<u>687,301</u>
		687,301
Cash was Applied to :		
Distribution System Improvements		(4,885,940)
Other Fixed Asset Additions		<u>(683,351)</u>
		(5,569,291)
Net Cash Flows Used in Investing Activities		<u>(4,881,990)</u>
CASH FLOWS FROM FINANCING ACTIVITIES :		
Cash was Provided from :		
Loan Received		<u>1,274,523</u>
		1,274,523
Net Cash Flows From Financing Activities		<u>1,274,523</u>
NET INCREASE (DECREASE) IN CASH HELD		2,019,116
Opening Cash Brought Forward		<u>(1,423,501)</u>
Ending Cash Carried Forward		<u><u>\$595,615</u></u>
REPRESENTED BY :		
Bank and Short Term Deposits		<u><u>\$595,615</u></u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

	1999 \$	1998 \$
Note 1 Taxation		
Taxation Reconciliation:		
Operating Surplus before Taxation	559,751	1,120,931
Prima Facie Taxation @ 33%	184,718	369,909
Plus Tax Effect of:-		
Permanent Differences	809,308	240,662
Prior Year Adjustment	60,405	(44,524)
Taxation Charge for Year	<u>\$1,054,431</u>	<u>\$566,047</u>
Comprising:		
Current Taxation	308,186	353,146
Prior Year Adjustment	60,405	0
Deferred Taxation	685,840	212,901
	<u>\$1,054,431</u>	<u>\$566,047</u>

Note 2 Fixed Assets

	Cost	Accumulated Depreciation	1999 Book Value	1998 Book Value
Distribution Network	66,064,213	4,459,894	61,604,319	60,509,985
Land & Buildings	2,646,799	330,734	2,316,065	1,503,098
Motor Vehicles	507,163	306,027	201,136	1,181,187
Plant & Equipment	2,674,458	1,780,345	894,113	800,567
Work in Progress	253,265		253,265	
	<u>\$72,145,898</u>	<u>\$6,877,000</u>	<u>\$65,268,898</u>	<u>\$63,994,837</u>

Note 3 Related Party Transactions

Electricity Ashburton operates a Construction Department which carries out construction and maintenance on the Company's distribution system. Details of the maintenance expenditure for 1999 carried out by the Construction Department are shown in the Operating Expenditure as "Internal Transfer Payments".

Details of Capital Construction for 1999 carried out by the Construction Department are as follows:

	1999 \$
Construction of distribution lines and cables	3,805,694
Construction of distribution substations	158,592
Construction of low voltage reticulation	38,015
Construction of other system fixed assets	17,935
	<u>\$4,020,236</u>

Note 4 Accounts Receivable

	1999 \$	1998 \$
Trade Debtors	189,412	751,794
Prepayments	294,074	12,471
Accrued Income		186,076
	<u>\$483,486</u>	<u>\$950,341</u>

Note 5 Accounts Payable

	1999 \$	1998 \$
Trade Creditors	1,617,144	701,224
Employee Provisions	332,316	373,824
Deferred Discount	1,491,360	
	<u>\$3,440,820</u>	<u>\$1,075,048</u>

Note 6 Financial Commitments

Estimated capital expenditure contracted for at balance but not provided for	\$3,029,000	\$206,714
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Note 7 Deferred Shares

There are 23,191,670 deferred shares held by the Ashburton District Council and these have the following conditions attached to them.

- (a) There is no right to distributions, dividends or rebates.
- (b) There is a right to vote if the rights attached to the deferred shares are to be altered or there is a proposal which would change the control of the Company or the rights of the Council are not carried forward on an amalgamation.
- (c) The shares are not transferable except to another local authority or if 25% of the voting shares are controlled by one person.
- (d) The right to an equal distribution with the holders of the rebate shares on a winding up of the Company.

Note 8 Customer Deferred Discounts

Calculations for the rebate paid to each customer were based on the individual customer group's contribution to the operating surplus and allocated according to the value of their electricity purchases for the financial year.

Note 9 Post Balance Date Events

In May the Minister of Commerce announced the Commerce (Controlled Goods and Services) Amendment Bill which will place all line businesses under price control by March 31, 2000. The Bill sets out a wide range of mechanisms through which the Commerce Commission can control prices or revenues or quality standards.

Specific thresholds and a CPI-X mechanism for price increases has been identified. The Commerce Commission can impose monetary penalties if it decides that prices are too high or it rules that quality standards have been breached.

The effect of the proposed Bill on the company has yet to be determined.

Note 10 Reconciliation of Net Cash Flows From Operating Activities to Operating Surplus After Taxation

	1999	1998
	\$	\$
Operating Surplus After Taxation	(494,680)	
Plus Non Cash Items:-		
Depreciation	2,774,555	
Movement in Deferred Taxation	(2,460,887)	
Deferred Taxation Taken to Reserves	3,146,726	
	<hr/> 2,965,714	
Movements Working Capital Items:-		
Inventory	207,797	
Accounts Receivable	252,988	
Accounts Payable	2,091,447	
Taxation	(255,778)	
	<hr/> 2,296,454	
Other		
Net GST	346,314	
Loss on Sale Included in Investing Activities	18,101	
	<hr/> \$5,626,583	
Net Cash Flows From Operating Activities	<hr/> <hr/>	

DISCLOSURE OF FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES AS REQUIRED BY REGULATIONS 15, 16, 21, AND, 22 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999.

Regulation 15

1. Financial Performance Measures

(Calculations INCLUDE the effects of the customer rebate)

	1999	1998	1997	1996
(a) Accounting return on total assets:		2.7%	0.2%	0.1%
(a) Return on Funds	1.1%			
(b) Accounting return on equity:		1.3%	(1.5%)	(1.2%)
(b) Return on Equity	(.9%)			
(c) Accounting rate of profit: (includes revaluation)		33.5%	(0.5%)	(1.1%)
(c) Return on Investment	(.7%)			

Pre Rebate Comparisons

In order to provide a consistent comparison with the sector, the performance measures above are restated below after adding back the impact of the customer rebates.

	1999	1998	1997	1996
(a) Accounting return on total assets:		4.3%	2.4%	2.3%
(a) Return on Funds	3.6%			
(b) Accounting return on equity:		2.9%	0.8%	1.0%
(b) Return on Equity	1.0%			
(c) Accounting rate of profit: (includes revaluation)		35.3%	1.8%	1.1%
(c) Return on Investment	1.0%			

ODV Revaluation

A comparison of the Accounting Rate of Profit performance measure for 1998 without the effects of the Optimised Deprival Valuation adjustment is 2.2% with rebate included and 3.8% excluded.

2. Efficiency Performance Measures

	1999	1998	1997	1996
(a) Direct line costs per kilometre:	\$1,034/km	\$1,241/km	\$1,476/km	\$1,204/km
(b) Indirect line costs per electricity customer:	\$91/customer	\$48/customer	\$43/customer	\$33/customer

Because of the regulations defining in more detail direct and indirect lines cost, 1999 is not directly comparable with earlier years.

Regulation 21

2. Energy Delivery Efficiency Performance Measures

	1999	1998	1997	1996
(a) Load Factor	59.0%	56.8%	54.9%	53.0%
(b) Loss Ratio	6.1%	7.3%	7.1%	6.9%
(c) Capacity Utilisation	27.1%	28.8%	26.6%	26.3%

2. Statistics		1999	1998	1997	1996
(a) System lengths (ms)	- 33kV	282	297	288	269
	- 22kV	140	79	32	-
	- 11kV	1,718	1,748	1,776	1,783
	- 400V	227	217	213	206
		<u>2,367</u>	<u>2,341</u>	<u>2,309</u>	<u>2,258</u>
(b) Circuit length overhead (kms)	- 33kV	279	294	285	266
	- 22kV	139	79	32	-
	- 11kV	1,657	1,688	1,718	1,733
	- 400V	122	121	122	120
		<u>2,197</u>	<u>2,182</u>	<u>2,157</u>	<u>2,119</u>
(c) Circuit length underground (kms)	- 33kV	3	3	3	3
	- 22kV	1	0	0	-
	- 11kV	61	60	58	50
	- 400V	105	96	91	86
		<u>170</u>	<u>159</u>	<u>152</u>	<u>139</u>
(d) Transformer capacity (kVA)		235,052	221,503	213,027	206,352
(e) Maximum demand (kW)		63,644	63,719	56,628	54,179
(f) Total electricity supplied (kWh)		308,741,5463	294,018,313	252,958,669	234,757,621
(g) Total electricity conveyed through the system on behalf of each electricity retailer (kWh)	Retailer 1	307,783,008			
	Retailer 2	809,400			
	Retailer 3	149,055			
(h) Average number of customers		13,564	13,365	13,164	12,997

Regulation 22

Reliability Performance Measures

1. Total number of interruptions, together with a breakdown of that total according to interruption class.

	Average Target 2000-2004	Target 2000	1999	1998	1997	1996
Class A			-	-	-	-
Class B	194	194	204	173	*170	229
Class C	149	149	154	202	*234	258
Class D			-	-	2	-
Class E			-	-	-	-
Class F			-	-	-	-
Class G			-	-	-	-
Total			<u>358</u>	<u>375</u>	<u>*406</u>	<u>487</u>

4. The proportion of the total number of Class C interruptions not restored within:

	1999
3 hours	7.8%
12 hours	1.3%

5. Total number of faults per 100 circuit kilometres prescribed voltage electric lines

	Average Target 2000-2004	Target 2000	1999	1998	1997	1996
33kV	3.77	3.77	3.90	2.36	*3.82	1.49
22 kV	4.15	4.15	4.29	6.33	*6.25	-
11 kV	7.71	7.71	7.97	10.35	*11.54	14.25
Total	6.97	6.97	7.20	9.09	*10.40	12.57

6. Total number of faults per 100 circuit kilometres of underground prescribed voltage electric lines

	1999	1998	1997	1996
33 kV	-	-	-	-
22 kV	-	-	-	-
11 kV	1.64	3.33	3.45	4.00
Total	1.54	3.17	3.28	3.77

7. Total number of faults per 100 circuit kilometres of overhead prescribed voltage electric lines

	1999	1998	1997	1996
33 kV	3.94	2.38	*3.86	1.50
22 kV	4.32	6.33	*6.25	-
11 kV	8.21	10.60	*11.82	14.54
Total	7.37	9.27	*10.61	12.81

8. The SAIDI for total of interruptions within each interruption class

	Average Target 2000-2004	Target 2000	1999	1998	1997	1996
Class A	-	-	-	-	-	-
Class B	60.00	60.00	63.03	60.04	*97.33	102.28
Class C	130.00	130.00	134.35	120.42	*160.70	113.61
Class D	-	-	-	-	97.58	0
Class E	-	-	-	-	-	-
Class F	-	-	-	-	-	-
Class G	-	-	-	-	-	-
Total			197.38	180.46	*355.61	215.88

12. The SAIFI for total of interruptions within each interruption class

	Average Target 2000-2004	Target 2000	1999	1998	1997	1996
Class A	-	-	-	-	-	-
Class B	0.25	0.25	0.25	0.24	*0.35	0.44
Class C	2.00	2.00	2.20	1.41	*2.39	1.38
Class D	-	-	-	-	0.36	-
Class E	-	-	-	-	-	-
Class F	-	-	-	-	-	-
Class G	-	-	-	-	-	-
Total			2.45	1.66	*3.11	1.82

16. The CAIDI for total of interruption within each interruption class

	Average Target 2000-2004	Target 2000	1999	1998	1997	1996
Class A			-	-	-	-
Class B	240.00	240.00	248.39	245.63	*278.35	232.59
Class C	65.00	65.00	61.09	85.29	*67.13	82.14
Class D			-	-	269.52	-
Class E			-	-	-	-
Class F			-	-	-	-
Class G			-	-	-	-
Total			80.47	108.95	*114.50	118.44

* Denotes a corrected comparative figure

Derivation Table - (Without Rebate)	Symbol in formula	Input Column	Calculations	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	2,249,771		2,249,771	N/A	2,249,771
Net profit after tax (NPAT)	n	557,095		N/A	557,095	N/A
Amortised Goodwill	g	0		add 0	add 0	add 0
Subvention Payment	s	0		add 0	add 0	add 0
Depreciation of SFA at BV	d	2,298,873		add 2,298,873	add 2,298,873	add 2,298,873
Depreciation of SFA at ODV		2,298,873		deduct 2,298,873	deduct 2,298,873	deduct 2,298,873
ODV Depreciation tax adjustment	b	0		N/A	deduct 0	deduct 0
Subvention Payment tax adjustment		0	s'l	N/A	deduct 0	deduct 0
Interest Tax Shield	q	39,668		N/A	N/A	deduct 39,668
Revaluations	r	0		N/A	N/A	add 0
Income tax	p	1,572,469		N/A	N/A	deduct 1,572,469
Numerator (as adjusted)		No entry		= a + g + s + d	= n + g + s - s'l + d - b	= a + g - q + r + s + d - p - s'l - b
Fixed Assets at year beginning (FA ₀)		63,994,837		63,994,837	N/A	63,994,837
Fixed Assets at year end (FA ₁)		65,268,898		add 65,268,898	N/A	add 65,268,898
Net Working Capital at year beginning (NWC ₀)		-1,726,091		add -1,726,091	N/A	add -1,726,091
Net Working Capital at year end (NWC ₁)		-3,599,743		add -3,599,743	N/A	add -3,599,743
Average total funds employed (ATFE)	c	No entry	= (FA ₀ + FA ₁ + NWC ₀ + NWC ₁)/2	divide by 2	61,968,951	divide by 2
Total Equity at year beginning (TE ₀)		55,069,210		N/A	55,069,210	N/A
Total Equity at year end (TE ₁)		56,905,983		N/A	add 56,905,983	N/A
Average total equity	k	No entry	= (TE ₀ + TE ₁)/2		divide by 2	55,987,597
WUC at year beginning (WUC ₀)		0		0	0	0
WUC at year end (WUC ₁)		0		add 0	add 0	add 0
Average total Works under Construction	e	No entry	= (WUC ₀ + WUC ₁)/2	divide by 2	0	divide by 2
Revaluations	r	0		N/A	N/A	0
Goodwill asset at year beginning (GW ₀)		0		N/A	0	N/A
Goodwill asset at year end (GW ₁)		0		N/A	add 0	N/A
Average Goodwill asset	m	No entry	= (GW ₀ + GW ₁)/2		divide by 2	0
Subvention payment at year beginning (S ₀)		0		N/A	0	N/A
Subvention payment at year end (S ₁)		0		N/A	add 0	N/A
Subvention payment tax adjustment at year beginning		0	= s ₀ l	N/A	deduct 0	N/A
Subvention payment tax adjustment at year end		0	= s ₁ l	N/A	deduct 0	N/A
Average subvention payment & related tax adjustment	v	No entry	= (s ₀ + s ₁ + s ₀ l + s ₁ l)/2		divide by 2	0
System Fixed assets at year beginning at book value (SFA _{bo})		60,509,985		60,509,985	60,509,985	60,509,985
System Fixed assets at year end at book value (SFA _{be})		61,604,319		add 61,604,319	add 61,604,319	add 61,604,319
Average value of system fixed assets at book value	f	No entry	= (SFA _{bo} + SFA _{be})/2	divide by 2	61,057,152	divide by 2
System Fixed assets at year beginning at ODV value (SFA _{od})		60,509,985		add 60,509,985	add 60,509,985	60,509,985
System Fixed assets at year end at ODV value (SFA _{od})		61,604,319		add 61,604,319	add 61,604,319	add 61,604,319
Average value of system fixed assets at ODV value	h	No entry	= (SFA _{od} + SFA _{od})/2	divide by 2	61,057,152	divide by 2
Denominator (as adjusted)				= c - e - f + h	= k - e - m + v - f + h	= c - e - 1/2f - f + h
				61,968,951	55,987,597	61,968,951
Financial Performance Measure:				EBIT ^{AD} /ATFE ^{AD} x 100/1 = 3.63%	NPAT ^{AD} /ATE ^{AD} x 100/1 = 1.00%	EBIT ^{AD} /ATFE ^{AD} x 100/1 = 1.03%

Key:
 a = standard entity tax rate
 bv = book value
 ave = average
 adj = as adjusted
 odv = optimised deprival valuation
 subscript '0' = beginning of the financial year
 subscript '1' = end of the financial year

Derivation Table - (With Rebate)	Symbol In formula	Input Column	Calculations	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	679,958		679,958	N/A	679,958
Net profit after tax (NPAT)	n	-494,680		N/A	-494,680	N/A
Amortised Goodwill	g	0		add 0	add 0	add 0
Subvention Payment	s	0		add 0	add 0	add 0
Depreciation of SFA at BV	d	2,298,873		add 2,298,873	add 2,298,873	add 2,298,873
Depreciation of SFA at ODV	d	2,298,873		deduct 2,298,873	deduct 2,298,873	deduct 2,298,873
ODV Depreciation tax adjustment	b	0		N/A	deduct 0	deduct 0
Subvention Payment tax adjustment		0	s*t	N/A	deduct 0	deduct 0
Interest Tax Shield	q	39,668		N/A	N/A	deduct 39,668
Revaluations	r	0		N/A	N/A	add 0
Income tax	p	1,054,431		N/A	N/A	deduct 1,054,431
Numerator (as adjusted)		No entry		= a + g + s + d	= n + g + s - s*t + d - b	= a + g - q + r + s + d - p - s*t - b
Fixed Assets at year beginning (FA ₀)		63,994,837		63,994,837	N/A	63,994,837
Fixed Assets at year end (FA ₁)		65,260,896		add 65,260,896	N/A	add 65,260,896
Net Working Capital at year beginning (NWC ₀)		-1,726,091		add -1,726,091	N/A	add -1,726,091
Net Working Capital at year end (NWC ₁)		-3,599,743		add -3,599,743	N/A	add -3,599,743
Average total funds employed (ATFE)	c	No entry	= (FA ₀ + FA ₁ + NWC ₀ + NWC ₁)/2	divide by 2	61,968,951	divide by 2
Total Equity at year beginning (TE ₀)		55,069,210		N/A	55,069,210	N/A
Total Equity at year end (TE ₁)		56,905,983		N/A	add 56,905,983	N/A
Average total equity	k	No entry	= (TE ₀ + TE ₁)/2	N/A	divide by 2	55,987,597
WUC at year beginning (WUC ₀)		0		0	0	0
WUC at year end (WUC ₁)		0		add 0	add 0	add 0
Average total Works under Construction	e	No entry	= (WUC ₀ + WUC ₁)/2	divide by 2	0	divide by 2
Revaluations	r	0		N/A	N/A	0
Goodwill asset at year beginning (GW ₀)		0		N/A	0	N/A
Goodwill asset at year end (GW ₁)		0		N/A	add 0	N/A
Average Goodwill asset	m	No entry	= (GW ₀ + GW ₁)/2	N/A	divide by 2	0
Subvention payment at year beginning (S ₀)		0		N/A	0	N/A
Subvention payment at year end (S ₁)		0		N/A	add 0	N/A
Subvention payment tax adjustment at year beginning		0	= s ₀ *t	N/A	deduct 0	N/A
Subvention payment tax adjustment at year end		0	= s ₁ *t	N/A	deduct 0	N/A
Average subvention payment & related tax adjustment	v	No entry	= (s ₀ + s ₁ + s ₀ *t + s ₁ *t)/2	N/A	divide by 2	0
System Fixed assets at year beginning at book value (SFA _{0,bv})		60,509,985		60,509,985	60,509,985	60,509,985
System Fixed assets at year end at book value (SFA _{1,bv})		61,604,319		add 61,604,319	add 61,604,319	add 61,604,319
Average value of system fixed assets at book value	f	No entry	= (SFA _{0,bv} + SFA _{1,bv})/2	divide by 2	61,057,152	divide by 2
System Fixed assets at year beginning at ODV value (SFA _{0,odv})		60,509,985		add 60,509,985	add 60,509,985	60,509,985
System Fixed assets at year end at ODV value (SFA _{1,odv})		61,604,319		add 61,604,319	add 61,604,319	add 61,604,319
Average value of system fixed assets at ODV value	h	No entry	= (SFA _{0,odv} + SFA _{1,odv})/2	divide by 2	61,057,152	divide by 2
Denominator (as adjusted)				= c - e - f + h	= k - e - m + v - f + h	= c - e - 1/2*r - f + h
Financial Performance Measure:				EBIT ^{AD} /ATFE ^{AD} x 100/1 =	NPAT ^{AD} /ATE ^{AD} x 100/1 =	EBIT ^{AD} /ATFE ^{AD} x 100/1 =
				1.10%	-0.88%	-0.67%

Key:
 t = standard entity tax rate
 bv = book value
 ave = average
 AD = as adjusted
 odv = optimised deprival valuation
 subscript '0' = beginning of the financial year
 subscript '1' = end of the financial year

PRICEWATERHOUSECOOPERS 

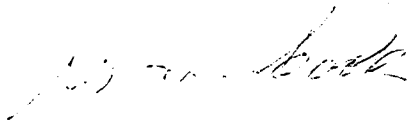
24 July 1998

The Directors
Electricity Ashburton Limited
Private Bag 802
ASHBURTON 8300

**CERTIFICATION BY AUDITOR IN RELATION TO
ODV VALUATION OF ELECTRICITY ASHBURTON LIMITED
LINES BUSINESS**

I have examined the valuation report prepared by PricewaterhouseCoopers and dated 22 July 1998, which report contains valuations as at 31 March 1997.

I hereby confirm 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 28 May 1998 ODV Handbook.



W M Cook



Audit New Zealand

AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRICITY ASHBURTON LIMITED

We have audited the accompanying financial statements of Electricity Ashburton Limited. The financial statements provide information about the past financial performance of Electricity Ashburton Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 1 and 2.

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 Electricity Ashburton 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 Electricity Ashburton 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 Electricity Ashburton Limited.

Qualified Opinion – Comparative Figures Omitted

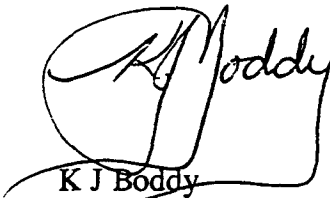
Paragraph 2.18 of the Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits energy companies to exclude comparative figures where disclosures are made for the first time for the current disclosure year. Electricity Ashburton Limited has taken advantage of this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of Electricity Ashburton 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 Electricity Ashburton 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 Electricity Ashburton 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 30 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 Electricity Ashburton Limited and dated 26 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

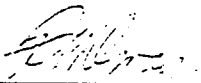
30 August 1999

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


We, Donald Church and Mervyn Gray, directors of Electricity Ashburton Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) The attached audited financial statements of Electricity Ashburton Ltd, 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 Electricity Ashburton Limited, and having been prepared for the purposes 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.



Director



Director

26 August 1999



