

New Zealand Gazette

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SCANPOWER LIMITED


INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

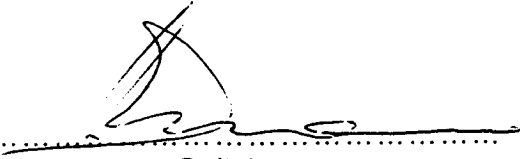
**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION
SUPPLIED TO SECRETARY**

I, *Peter Clayton* of *Dannevirke*
being a Director of *SCANPOWER LIMITED*, solemnly and sincerely 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 under the Electricity (Information Disclosure) Regulations 1999.

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


.....

Declared at *Dannevirke* this *9th* day of *September*, 19*99*


.....
Solicitor

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

We, Michael Dodson and Peter Clayton, Directors of SCANPOWER LIMITED, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached audited financial statements of SCANPOWER 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 SCANPOWER 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 1998.



Michael Dodson
August 1999



Peter Clayton
August 1999



Audit New Zealand

AUDITOR'S REPORT

To the readers of the financial statements of ScanPower Limited.

We have audited the accompanying financial statements of ScanPower Limited. The financial statements provide information about the past financial performance of ScanPower Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 8 to 9.

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 ScanPower Limited as at 31 March 1999, and results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

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

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to ScanPower Limited's 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 we have no relationship with or interests in ScanPower Limited.

Unqualified Opinion

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

In our opinion –

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

Our audit was completed on 10 September 1999 and our opinion is expressed as at that date.



V F Sears
Audit New Zealand
On behalf of the Controller and Auditor-General
Palmerston North, New Zealand

SCANPOWER LIMITED**INTRODUCTION**

The information disclosed in the 1999 Information disclosure package issued by **SCANPOWER** Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any purpose other than that intended under the Regulations.

Some of the information contained in this package may change at any time. Pricing and terms are as at the date of disclosure indicated and are not quotations, estimates, rates or terms that will apply in the future.

Please write or telephone **SCANPOWER** Limited if you have any questions or would like further information on the services available.

FINANCIAL PERFORMANCE MEASURES

The Electricity (Information Disclosure) Regulations 1999 form part of the Government's regulatory regime for the electricity sector.

The Regulations require Electricity Companies that operate a Line Business to publicly disclose in the Gazette and have available on request a variety of information. Included in this disclosure are the Financial, Reliability and Efficiency Performance Measures and Statistics.

In order to consistently define these measures to allow comparison between Electricity Companies, the Regulations require a number of adjustments to be made to the Financial Statements. For this reason, the Financial Statements disclosed are not necessarily the basis of information used for calculations in Performance Measures and Statistics.

The information has been prepared solely for the purpose of complying with Regulations 5 and 6 of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

SCANPOWER LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEARS ENDED 31 MARCH

	Notes	Lines Business	
		1999	1998
		\$	\$
EQUITY AT BEGINNING OF THE YEAR		7,823,921	7,806,424
SURPLUS AND REVALUATIONS			
Net surplus for the year		79,454	32,497
Revaluation of fixed assets	3	(64,625)	0
Total recognised revenues and expenses for the year		<u>14,829</u>	<u>32,497</u>
OTHER MOVEMENTS			
Transfer of equity	3	567,265	0
Distribution to owners	3	(20,000)	(15,000)
EQUITY AT THE END OF THE YEAR		<u><u>8,386,015</u></u>	<u><u>7,823,921</u></u>

Due to the change in methodology required by the Electricity (Information Disclosure) Regulations (1999), 100% of the equity has been brought into the accounts this year.

An adjustment has also been made through equity to account for the movements using the avoidable cost methodology.

SCANPOWER LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDED 31 MARCH

	Notes	Lines Business	
		1999	1998
		\$	\$
Revenue	1	4,658,632	4,706,183
Expense	1	(4,483,488)	(4,645,273)
Operating surplus before income tax		<u>175,144</u>	<u>60,910</u>
Income tax	2	95,690	28,413
Operating surplus after income tax		<u><u>79,454</u></u>	<u><u>32,497</u></u>


The accompanying notes and policies form an integral part of these statements

SCANPOWER LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH

	Notes	Lines Business	
		1999	1998
		\$	\$
EQUITY			
Share capital		7,500,000	6,864,936
Retained earnings	3	223,345	231,690
Reserves	3	662,670	727,295
Shareholders' Equity		8,386,015	7,823,921
REPRESENTED BY:			
CURRENT ASSETS			
Cash and bank balances		20,466	26
Investments	6	1,283,365	1,374,432
Tax provision		0	7,733
Receivable and prepayments	4	358,032	201,687
Inventories	5	80,996	105,146
Total Current Assets		1,742,859	1,689,024
NON CURRENT ASSETS			
Deferred taxation	2	252,876	0
Investments	6	1,463,943	0
Fixed assets	7	5,435,731	6,617,091
Total Non-Current Assets		7,152,550	6,617,091
TOTAL ASSETS		8,895,409	8,306,115
CURRENT LIABILITIES			
Accounts payable	8	410,840	181,173
Proposed dividend		20,000	15,000
Employee entitlements		64,761	215,271
Current portion of term loan	9	0	24,900
Tax provision		13,793	0
Total Current Liabilities		509,394	436,344
NON CURRENT LIABILITIES			
Deferred taxation	2	0	45,850
Total Non-Current Liabilities		0	45,850
TOTAL LIABILITIES		509,394	482,194
NET ASSETS		8,386,015	7,823,921

For and on behalf of the Board


CHAIRMAN


GENERAL MANAGER

SCANPOWER LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 MARCH

	Notes	Lines Business	
		1999	1998
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers		4,240,155	4,151,965
Increase/(decrease) in customer deposits		0	0
Dividends received		7,962	0
Interest received		117,107	156,366
Taxation refund		67,333	0
		<u>4,432,557</u>	<u>4,308,331</u>
<i>Cash was applied to:</i>			
Payments to employees and suppliers		3,826,552	3,902,284
Taxation paid		47,387	181,428
Interest paid		769	9,413
		<u>3,874,708</u>	<u>4,093,125</u>
Net cash inflows from operating activities	10	<u>557,849</u>	<u>215,206</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Disposal of energy business		1,050,000	0
Proceeds from sale of fixed assets		8,444	27,867
		<u>1,058,444</u>	<u>27,867</u>
<i>Cash was applied to:</i>			
Purchase and construction of assets		183,077	265,458
Purchase of investments		1,463,943	
		<u>1,647,020</u>	<u>265,458</u>
Net cash inflows from investment activities		<u>(588,576)</u>	<u>(237,591)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividends paid		15,000	15,000
Loan repayments		24,900	0
		<u>39,900</u>	<u>15,000</u>
Net cash outflows from financing activities		<u>(39,900)</u>	<u>(15,000)</u>
NET INCREASE / (DECREASE) IN CASH HELD		<u>(70,627)</u>	<u>(37,385)</u>
Opening Cash Brought Forward		<u>1,374,458</u>	<u>1,411,843</u>
CASH AT END OF THE YEAR		<u><u>1,303,831</u></u>	<u><u>1,374,458</u></u>
REPRESENTED BY:			
Bank and short term investments		<u>1,303,831</u>	<u>1,374,458</u>

The accompanying notes and policies form an integral part of these statements

SCANPOWER LIMITED
PERFORMANCE INDICATORS
FOR THE YEARS ENDED 31 MARCH

Regulation		1999	1998	1997	1996
15	FINANCIAL PERFORMANCE MEASURES				
	Accounting Return on Total Assets	-na-	-0.45%	-0.12%	-1.44%
	Accounting Return on Equity	-na-	-0.66%	-0.71%	-1.55%
	Accounting Rate of Profit	-na-	-0.61%	-0.70%	-1.54%
15 a	Return on Funds	-1.25%	-na-	-na-	-na-
15 b	Return on Equity	-1.00%	-na-	-na-	-na-
15 c	Return on Investment	-1.37%	-na-	-na-	-na-
15	EFFICIENCY PERFORMANCE INDICATORS				
15 a	Direct Line Costs per Kilometre	\$1,091	\$959	\$899	\$866
15 b	Indirect Line Costs per Customer	\$67	\$63	\$68	\$57
	As in previous years, the network discount (1998/99 - \$1,209,373) has been excluded from both numerators of these indicators.				
20	OPTIMISED DEPRIVAL VALUATION				
	The Optimised Deprival Valuation of the Lines Business Assets as at 31 March 1998 was \$19,109,668. Adjustments for disposals and depreciation in the year to 31 March 1999 has reduced this to \$15,250,196.				
21	ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES				
21 a	Load Factor	67.00%	62.00%	66.50%	66.55%
21 b	Loss Ratio	8.80%	7.28%	7.34%	7.95%
21 c	Capacity Utilisation	25.28%	27.55%	26.32%	26.04%
21	STATISTICS				
21 a	System Length				
	11 KV	763	766	765	765
	400 V	<u>231</u>	<u>231</u>	<u>230</u>	<u>229</u>
	Total	994	997	995	994
21 b	Circuit Length of Overhead System				
	11 KV	763	766	765	765
	400 V	<u>195</u>	<u>196</u>	<u>197</u>	<u>197</u>
	Total	958	962	962	962
21 c	Circuit Length of Underground System				
	400 V	<u>36</u>	<u>35</u>	<u>33</u>	<u>32</u>
	Total	36	35	33	32
21 d	Transformer Capacity	54,507	54,317	53,157	54,425
21 e	Maximum Demand KW	13,778	14,967	13,971	14,176
21 f	Total Electricity Supplied from Systems (Sales) Kwhr	74,980,152	75,285,058	75,584,065	76,281,299
21 g	Electricity on behalf of other entities	41,778	-	-	-
21 h	Total Customers (average for year)	6,626	6,700	6,700	6,700
22	Number of Faults per 100 circuit kilometre overhead				
7 & 5a	11 KV	13	10	15	9
7 & 5a	Total	13	10	15	9
	For the current year only:				
4a	Number of Faults greater than or equal to 3 hours	19	19.40%		
4b	Number of Faults greater than or equal to 24 hours	1	1.00%		

SCANPOWER LIMITED
 PERFORMANCE INDICATORS (contd.)
 FOR THE YEARS ENDED 31 MARCH

Regulation

22

Total Interruptions 1999

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	0.00	62.12	42.70	11.20	0.00	0.00	0.00	116.02
12 & 15	SAIFI	0.00	0.49	0.76	0.18	0.00	0.00	0.00	1.43
16 & 19	CAIDI	0.00	126.80	56.00	62.20	0.00	0.00	0.00	81.13
1	INTERRUPTIONS	0.00	151.00	98.00	1.00	0.00	0.00	0.00	250.00

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Total Interruptions 1998

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	49.00	44.37	64.80	78.00	0.00	0.00	0.00	236.17
12 & 15	SAIFI	0.23	0.28	0.63	0.80	0.00	0.00	0.00	1.94
16 & 19	CAIDI	209.00	160.00	103.00	97.50	0.00	0.00	0.00	121.64
1	INTERRUPTIONS	1.00	106.00	74.00	2.00	0.00	0.00	0.00	183.00

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Total Interruptions 1997

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	28.00	74.68	50.58	18.55	0.00	0.00	0.00	171.81
12 & 15	SAIFI	0.23	0.60	0.55	0.32	0.00	0.00	0.00	1.70
16 & 19	CAIDI	121.74	124.99	91.70	57.25	0.00	0.00	0.00	100.87
1	INTERRUPTIONS	1.00	99.00	113.00	2.00	0.00	0.00	0.00	215.00

22

Total Interruptions 1996

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	49.15	41.66	32.63	0.00	0.00	0.00	0.00	123.44
12 & 15	SAIFI	0.23	0.32	0.58	0.00	0.00	0.00	0.00	1.13
16 & 19	CAIDI	214.00	129.00	56.00	0.00	0.00	0.00	0.00	109.10
1	INTERRUPTIONS	1.00	127.00	68.00	0.00	0.00	0.00	0.00	196.00

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	CLASS	TARGET		AVERAGE
	YEAR	2000	2000-2004	
9a & 10a	SAIDI B	75	75	
9b & 10b	SAIDI C	75	75	
13a & 14b	SAIFI B	0.8	0.8	
13b & 14b	SAIFI C	1	1	
17a & 18a	CAIDI B	160	160	
17b & 18b	CAIDI C	110	110	
2a & 3a	No. of Interruptions B	150	150	
2b & 3b	No. of Interruptions C	150	150	
5b-d	No. of faults/100km 11Kv	12		

SCANPOWER LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1999

SCANPOWER Limited ("**SCANPOWER**") is a public company registered under the Companies Act 1993. These financial statements have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999. The financial statements comprise separate Statements of Financial Position, Financial Performance, Cash Flows and Movements in equity for the Line and Other Businesses as required by the Regulations. These businesses operate in and around the Southern Hawkes Bay area. The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Company, with the exception that certain fixed assets have been revalued.

Methodology and Separation of Businesses

SCANPOWER has generally followed the guidelines in the Electricity Information Disclosure Handbook issued by the Energy Markets Policy Group of the Ministry of Commerce.

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

a) Goods and Services Tax (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables which include GST invoiced.

b) Operating Revenue

Sales revenue represents revenue earned for the sale of the company's products and services net of returns, trade allowances and taxes paid. Other revenue includes interest income on investments and dividends received.

c) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

d) Inventories

Inventories are valued at the lower of weighted average cost and net realisable value.

e) Fixed Assets

All fixed assets are initially recorded at cost. Freehold land and buildings are subsequently revalued to net current value by an independent valuer. Fixed assets within these classes are revalued on a cyclical basis. The revaluations are conducted on a systematic basis so that each individual asset is revalued every three years.

STATEMENT OF ACCOUNTING POLICIES (Continued)**f) Depreciation**

Depreciation of fixed assets, other than freehold land, is calculated on a straight line basis so as to expense the cost of the assets, or the revalued amounts, to their residual values over their useful lives.

Major depreciation periods are:

Buildings	- 50 years
Computer Equipment	- 3 to 5 years
Distribution System	- 33 to 35 years
Motor Vehicles	- 6 to 10 years
Plant and Equipment	- 10 years

g) Income Tax

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences 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.

h) Employee Entitlements

Employee entitlements to salaries and wages, annual leave, long service leave and other benefits are recognised when they accrue to employees. This includes the estimated liability for salaries and wages, annual leave and long service leave as a result of services rendered by employees up to balance date.

i) Leases

SCANPOWER leases a truck for its lines maintenance work. Under the terms of the lease, all the risks and benefits of ownership effectively remain with the lessors. Lease payments are recognised as an expense in the periods the amounts are payable and a full disclosure of future commitments is provided in note 12.

j) Financial Instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables and trade creditors. These financial assets and financial liabilities are, generally, carried at their estimated fair value and, where appropriate, particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The company does not normally require deposits from customers except where there has previously been non-payment of outstanding accounts. No other form of security or collateral is required to support financial instruments with credit risk.

Changes in Accounting Policies

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

SCANPOWER LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED 31 MARCH

		Lines Business	
		1999	1998
		\$	\$
Note 1:	(i) OPERATING REVENUE		
	Network line rentals	4,534,964	4,332,955
	Appliance sales, servicing and wiring	0	0
	Network contracting	0	230,662
	Interest income	111,783	142,566
	Dividend income	11,885	0
	Total revenue	4,658,632	4,706,183
	(ii) OPERATING EXPENSES		
	Audit fees	24,600	15,159
	Auditors fees for other services	2,750	2,750
	Fees to other auditors	6,123	0
	Bad debts written off	8,405	8,004
	Depreciation	368,872	420,021
	Directors remuneration & expenses	78,102	78,000
	Change in provision for doubtful debts	0	0
	Interest paid	768	9,267
	Lease payments	0	19,544
	Loss/ (gain) on sale of assets	70,690	(26,998)
	Discounts to customers	1,209,373	1,258,539
	Cost of sales & operating expenses	2,713,805	2,860,987
		4,483,488	4,645,273
Note 2:	Taxation		
	A tax loss benefit of \$298,051 has been recognized, subsequent realisation of which is subject to the requirements of income tax legislation being met.		
	Taxation Reconciliation		
	Accounting net operating surplus before taxation	175,144	60,910
	Taxation at 33%	57,798	20,100
	Plus tax effect of:		
	Non deductible expenditure	0	8,313
	Permanent differences	9,096	0
	Prior year adjustment	28,796	0
	Income tax charge for the year	95,690	28,413
	Income tax charge for the year comprises:		
	Current taxation	7,135	(2,556)
	Deferred taxation	88,555	30,969
		95,690	28,413
	Deferred Tax Asset / (Liability):		
	Opening balance	(45,850)	(14,881)
	Prior period adjustment	(28,847)	(1,060)
	Current year movement	29,522	(29,909)
	Tax losses	298,051	0
	Closing balance	252,876	(45,850)

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business	
	1999	1998
	\$	\$
Note 3: Retained Earnings & Reserves		
Retained Earnings		
Balance at beginning of the year	231,690	214,193
Net surplus for the year	79,454	32,497
Transfer of equity	(67,799)	0
Dividends paid and proposed	(20,000)	(15,000)
Balance at end of the year	223,345	231,690
Reserves		
Share premium reserve	185,025	185,025
Asset revaluation reserve	477,645	542,270
Balance at end of the year	662,670	727,295
<p>Due to the change in methodology required by the Electricity (Information Disclosure) Regulations (1999), 100% of the equity has been brought into the accounts this year.</p> <p>An adjustment has also been made through equity to account for the movements using the avoidable cost methodology.</p>		
Note 4: Receivable and prepayments		
Trading debtors	328,795	14,695
Estimated doubtful receivables	0	0
Miscellaneous prepayments	29,237	186,992
	358,032	201,687
Note 5: Inventories		
Network and contracting stocks	80,996	105,146
Appliance & servicing stocks	0	0
	80,996	105,146
Note 6: Investments		
(i) CURRENT		
Short term deposits held with registered banks	1,283,365	1,374,432
	1,283,365	1,374,432
<p>Market fluctuations in interest rates affect the earnings on these investments but company policy of placing deposits with high credit quality financial institutions minimises its credit exposure.</p>		
(ii) NON CURRENT		
Unlisted securities		0
Listed securities	1,463,943	0
	1,463,943	0
(iii) FAIR AND MARKET VALUE INFORMATION		
Listed securities	1,438,146	0
<p>The market value is based on prices quoted on the stock exchange at balance date.</p> <p>The fair values of the other investments are not materially different from their carrying amounts.</p>		
(iii) INTEREST RATES		
<p>The range of interest rates on investments were:</p>		
Short term bank investments	2.85 - 9.10%	6.00 - 9.50%

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business	
	1999	1998
	\$	\$
Note 7: Fixed Assets		
Distribution assets		
At cost	7,881,960	8,615,064
Accumulated depreciation	(4,199,220)	(4,090,171)
Total carrying amount of distribution assets	<u>3,682,740</u>	<u>4,524,893</u>
Centralised load control equipment		
At cost	523,803	523,803
Accumulated depreciation	(214,255)	(198,541)
Total carrying amount of distribution assets	<u>309,548</u>	<u>325,262</u>
Freehold land		
At valuation - 31 March 1999	84,000	111,900
Total carrying amount of freehold land	<u>84,000</u>	<u>111,900</u>
Freehold buildings		
At valuation - 31 March 1999	946,300	976,981
At cost	0	84,513
Accumulated depreciation	0	(48,904)
Total carrying amount of freehold buildings	<u>946,300</u>	<u>1,012,590</u>
Motor vehicles		
At cost	64,340	416,783
Accumulated depreciation	(30,419)	(185,053)
Total carrying amount of motor vehicles	<u>33,921</u>	<u>231,730</u>
Plant and equipment		
At cost	516,141	475,699
Accumulated depreciation	(234,849)	(196,876)
Total carrying amount of plant and equipment	<u>281,292</u>	<u>278,823</u>
Consumer billing and information systems equipment		
At cost	363,131	360,792
Accumulated depreciation	(265,201)	(228,899)
Total carrying amount of computer equipment	<u>97,930</u>	<u>131,893</u>
Total Fixed Assets	<u><u>5,435,731</u></u>	<u><u>6,617,091</u></u>

The fair value of the above assets are not materially different from their carrying amounts.

Note 8: Accounts Payable		
Electricity customers (credit balances)	0	0
Estimated doubtful receivables	0	0
GST clearing account	19,158	72
Trade creditors	327,830	141,511
Customer deposits	0	11,040
Other creditors & accruals	63,852	28,550
	<u>410,840</u>	<u>181,173</u>

Note 9: Term Loan		
Non-current portion	0	0
Current portion	0	24,900
	<u>0</u>	<u>24,900</u>

The loan, at 10.5% p.a., was secured over the revenue of the company and repaid on 28 April 1998.

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business	
	1999	1998
	\$	\$
Note 10: Reconciliation of CashFlow with Operating Surplus		
Reported surplus after taxation	79,454	32,497
Add Non Cash Items		
Depreciation	368,273	420,021
Increase/(decrease) in doubtful debts	0	0
Increase/(decrease) in deferred tax provision	(298,726)	30,970
Changes in Working Capital		
Increase/(decrease) in accounts payable & accruals	229,667	12,012
(Increase)/decrease in accounts receivable	(156,345)	(158,369)
(Increase)/decrease in inventory	24,150	(24,751)
Increase/(decrease) in employee entitlements	(150,510)	(6,351)
Increase/(decrease) in provision for taxation	21,526	(63,825)
Other		
Net movements in other business *	369,670	0
Items Classified as Investing Activities		
Net (surplus)/loss on disposal of fixed assets	70,690	(26,998)
Net Cashflow from Operating Activities	<u>557,849</u>	<u>215,206</u>

* Relates to other business items utilising the avoidable cost methodology

Note 11: Wind Generation Project

SCANPOWER Limited has a 10% interest in The Wind Farm Company which holds a resource management consent to erect and operate wind turbines near Woodville.

Note 12 Analysis of non-cancellable operating lease commitments

Payable not later than one year	33,504	33,504
Payable later than one year, not later than two years	13,960	33,504
Payable later than two years, not later than five years	0	13,960
Payable later than five years	0	0
	<u>47,464</u>	<u>80,968</u>

Lease payments started on 1 September 1997 and the lease contract provides for the optional extension for a further twenty-four months on a month-to-month basis.

Note 13: Environmental Policy

SCANPOWER endeavours to adhere to a sustainable use policy with a minimum of environmental disturbance and desecration. To date, SCANPOWER is unaware of any of its projects or operations that would not meet the above policy nor any environmental regulations currently in existence in New Zealand.

Note 14: Capital Commitments and Contingent Liabilities

As at 31 March 1999, the company had no contingent liabilities (1997/98 also Nil).

SCANPOWER has not entered into any contracts to purchase or install equipment of a capital nature (1997/8-Nil)

NOTES TO THE FINANCIAL STATEMENTS

	Lines Business	
	1999	1998
Note 15: Segment Information	\$	\$

SCANPOWER sold its energy retailing business on 30 November 1998 and now operates in one industry which is the management of a distribution network and is entirely within New Zealand.

Note 16: Related Party Information

Directors' transactions with the company were made under normal terms and conditions of supply and sale available to members of staff. No discounts were given during the year.

Contestable contracting services provided by Scanpower's contracting division were at cost, including overheads, and as follows:

Construction of distribution lines and cables	315,702
Fault rectification	153,157
Maintenance of lines	384,534
Maintenance of distribution switch gear and ripple controls	12,274
Maintenance of distribution transformers	16,020
Other services	115,851

As at 31 March 1999, there were no outstanding balances for related parties other than those disclosed.

All transactions with other related parties are also made under normal terms and conditions of supply and sale. No related party debts were forgiven or written off during the year.

Note 17: Financial Instruments

SCANPOWER has no off balance sheet financing (other than those disclosed in these notes), nor any foreign exchange exposure. All instruments are carried at fair value and take into account the company's maximum exposure to credit risk.

Concentrations of credit risk with respect to receivables are limited due to a large customer base to whom the company supplies services.

The interest rates on the company's deposits are presented in note 6.

Note 18: Year 2000 compliance strategy

SCANPOWER is testing all critical products and systems in order to minimise, if not eliminate, any adverse effect on our distribution network and ancillary equipment caused by Year 2000 issues.

Note 19: Significant Events after Balance Date

The company is not aware of any post balance date events which would have a significant effect on the business activities of **SCANPOWER**.

NOTES TO THE FINANCIAL STATEMENTS**Note 20: Electricity (Information Disclosure) Regulations 1999 (Schedule 1 Part A) requirements:**

	1999
	\$
1 Current Assets	
a Bank, cash, short-term investments	1,303,831
b Trade debtors	328,795
c Other debtors	6,884
d Prepayments	22,353
e Electricity hedges	0
f Other	80,996
g Total current assets	<u>1,742,859</u>
2 Fixed Assets	
a System fixed assets	3,682,740
b Centralised load control equipment	309,549
c Consumer billing and information system assets	97,930
d Motor vehicles	33,921
e Office equipment	67,990
f Land and buildings	1,030,300
g Capital works under construction	0
h Other fixed assets not listed above	213,302
i Total fixed assets	<u>5,435,732</u>
j Other tangible assets not listed above	1,716,819
3 Total tangible assets	<u>8,895,409</u>
Intangibles	
a Goodwill assets	0
b Other intangibles not listed above	0
c Total intangibles	<u>0</u>
4 Total assets	<u><u>8,895,409</u></u>
5 Current liabilities	
a Accounts payable	410,840
b Accrued payroll	6,277
c Other accruals	58,483
d Dividend provision	20,000
e Electricity hedges	0
f Other current liabilities not listed above	13,794
g Total current liabilities	<u>509,394</u>
6 Funding	
a Long-term debt	0
b Equity	8,386,015
c Other funding not listed above	0
d Total funding	<u>8,386,015</u>
7 Total equity and liabilities	<u><u>8,895,409</u></u>
8 Revenue	
a Revenue from line charges	
i Invoiced by electricity retailer	3,077,102
ii Invoiced by line owner (since sale of energy business)	1,457,862
b Other business	
c Income from interest on short-term investments	111,783
d AC loss-rental rebates	
e Electricity hedges	
f Other revenue not listed above	11,885
g Total revenue	<u>4,658,632</u>

NOTES TO THE FINANCIAL STATEMENTS

	1999
	\$
9 Expenditure	
a Transmission charges	1,327,279
Payments to related businesses	
b Asset maintenance	881,687
c Consumer disconnections and reconnections	0
d Meter data	0
e Consumer-based load control	0
f Avoided transmission charges for own generation	0
g Other goods and services	115,851
Payments to non-related businesses	
h Asset maintenance	0
i Consumer disconnections and reconnections	0
j Meter data	0
k Consumer-based load control	0
Other payments	
l Employee salaries and redundancies	258,153
m Consumer billing and information systems expense	261,989
n Depreciation expense on system fixed assets	228,111
o Depreciation on capital works under construction	0
p Total depreciation expense	368,872
q Corporate and administration	178,708
r Total other human resource expenses	10,682
s Marketing/advertising	12,196
t Merger and acquisition expenses	0
u Takeover defence expenses	0
v Research and development expenses	0
w Consultancy and legal expenses	37,889
x Electricity hedges	0
y Amortised goodwill	0
z Subvention payments	0
za Other expenditure not listed above	1,029,414
zb Total expenditure	<u>4,482,720</u>
10 Earnings before interest and tax	<u>175,912</u>
11 Interest expense	768
12 Taxation expense	95,690
13 Net profit after tax	<u><u>79,454</u></u>

SCANPOWER LIMITED
FINANCIAL PERFORMANCE MEASURES - Derivation Table
FOR THE YEAR ENDED 31 MARCH 1999

	ROF	ROE	ROI
Earnings before interest and tax	175,912		175,912
Net profit after tax		79,454	
Amortised goodwill	0	0	0
Subvention payment	0	0	0
Depreciation of SFA at BV	228,111	228,111	228,111
Depreciation of SFA at ODV	(641,072)	(641,072)	(641,072)
ODV Depreciation tax adjustment		136,277	136,277
Subvention payment tax adjustment		0	0
Interest tax shield			(254)
Revaluations			(64,625)
Income tax			(95,690)
NUMERATOR - ADJUSTED EBIT / NPAT / EBIT	(237,049)	(197,230)	(261,340)
Fixed assets at year beginning	6,617,091		6,617,091
Fixed assets at year end	5,435,731		5,435,731
Net working capital at year beginning	1,252,680		1,252,680
Net working capital at year end	1,233,465		1,233,465
AVERAGE TOTAL FUNDS EMPLOYED	7,269,484		7,269,484
Total equity at year beginning		7,823,921	
Total equity at year end		8,386,015	
AVERAGE TOTAL EQUITY		8,104,968	
Works under construction at year beginning	0	0	0
Works under construction at year end	0	0	0
AVGE. WORKS UNDER CONSTRUCTION	0	0	0
Revaluations			(64,625)
Goodwill asset at year beginning		0	
Goodwill asset at year end		0	
AVERAGE GOODWILL ASSET		0	
Subvention payment for previous year		0	
Subvention payment for this year		0	
Subvention payment tax adjustment for previous year		0	
Subvention payment tax adjustment for this year		0	
Average subvention payment and related tax adjustment		0	
System fixed asset (BV) at year beginning	4,524,893	4,524,893	4,524,893
System fixed asset (BV) at year end	3,682,740	3,682,740	3,682,740
Average value of system fixed asset (BV)	4,103,816	4,103,816	4,103,816
System fixed asset (ODV) at year beginning	16,501,751	16,501,751	16,501,751
System fixed asset (ODV) at year end	15,117,823	15,117,823	15,117,823
Average value of system fixed asset (ODV)	15,809,787	15,809,787	15,809,787
DENOMINATOR	18,975,454	19,810,939	19,007,767
FINANCIAL PERFORMANCE MEASURES	(1.25)	(1.00)	(1.37)



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 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 ScanPower Limited and dated 31 March 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.

A handwritten signature in black ink, appearing to read 'V F Sears', with a long, sweeping flourish extending to the right.

V F Sears
Audit New Zealand
On behalf of the Controller and Auditor-General
Palmerston North, New Zealand

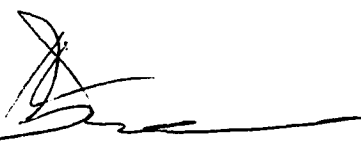
10 September 1999

CERTIFICATE OF VALUATION REPORT OF LINE OWNERS

We, Michael Dodson and Peter Clayton, Directors of SCANPOWER LIMITED, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached valuation report of SCANPOWER LIMITED, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The Optimised Depreciated Replacement Cost of the line business system fixed assets of SCANPOWER LIMITED is \$16,071,012; and
- (c) The Optimised Deprival Valuation of the line business system fixed assets of SCANPOWER LIMITED is \$16,013,157; and
- (d) The valuation of the line business assets of SCANPOWER LIMITED, including system and non-system fixed assets and net working capital, is \$19,109,668; and
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

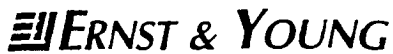
These valuations are as at 31st March 1998.



Michael Dodson
August 1999



Peter Clayton
August 1999



Chartered Accountants

**The Directors
SCANPOWER Limited**

Certification by auditor in relation to ODV valuation

Auditor's Report

We have examined the valuation report prepared by E-DEC Limited and dated 6 August 1998 which contains valuations as at 31 March 1998.

We certify that, having made all reasonable inquiry, to the best of our knowledge the valuations contained in the report have in our opinion been made in accordance with the Second Edition of the ODV Handbook.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', written in dark ink.

Ernst & Young
Chartered Accountants
Palmerston North
7 August 1998



