

# New Zealand Gazette

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## KING COUNTRY ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1999



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## AUDITOR'S REPORT

To the readers of the financial statements of King Country Energy Limited – lines business.

We have audited the accompanying financial statements of King Country Energy Limited – lines business. The financial statements provide information about the past financial performance of King Country Energy Limited – lines business and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

### 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 King Country Energy Limited – lines business as at 31 March 1999, and the 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 King Country Energy Limited – lines business' 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 auditors and consultants we have no relationship with or interests in King Country Energy 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. King Country Energy Limited – lines business has applied this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of King Country Energy Limited – lines business 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 King Country Energy Limited as far as appears from our examination of those records.

In our opinion, except for the omission of comparative figures referred to above, the attached financial statements of King Country Energy Limited – lines business:

- comply with generally accepted accounting practice; and
- give a true and fair view of the financial position of King Country Energy Limited – lines business 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 2 September 1999 and our opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Grant E Burns', written over a circular stamp or mark.

Grant E Burns  
PricewaterhouseCoopers  
On behalf of the Controller and Auditor-General  
Auckland, New Zealand



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## **CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS**

We 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 King Country Energy Limited – lines business and dated 31 March 1999 for the purposes of regulation 15 of those regulations.

We certify that, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A handwritten signature in black ink, appearing to read 'Grant E Burns'.

Grant E Burns  
PricewaterhouseCoopers  
On behalf of the Controller and Auditor-General  
Auckland, New Zealand


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

We, KENNETH STUART STREET and GORDON ROBERT HOPEFUL GOWER  
Directors of King Country Energy Limited certify that, having made all reasonable  
enquiry, to the best of our knowledge,-

- (a) The attached audited financial statements of King Country Energy Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999, give a fair and true view of the matter to which they relate and comply with the requirement 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 King Country Energy 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 the Electricity (Information Disclosure) Regulations 1999.

The valuation on which those financial performance measures are based are as at 31<sup>st</sup> March 1999.

  
K S STREET  
DIRECTOR

  
G R H GOWER  
DIRECTOR

2nd September 1999

**STATEMENT OF FINANCIAL PERFORMANCE****FOR THE YEAR ENDED 31 MARCH 1999**

	Note	Lines Business	
		1999	1998
Revenue from discontinued operations	1	7,736,186	7,891,022
Expenses from discontinued operations	2	(6,934,884)	(6,909,271)
<b>Operating surplus from discontinued operations before tax</b>		<b>801,302</b>	<b>981,751</b>
Income tax	4	(615,396)	(210,869)
<b>Operating surplus from discontinued operations after tax</b>		<b>185,906</b>	<b>770,882</b>
Extraordinary item (net of tax)	5	(189,587)	0
<b>Net surplus/(deficit) from discontinued operations after tax</b>		<b>(3,681)</b>	<b>770,882</b>

The accompanying notes form an integral part of these Financial Statements.

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

	Note	Lines Business	
		1999	1998
<b>Equity at beginning of the year</b>		14,470,457	13,749,575
<b>Surplus and revaluations</b>			
Net surplus/(deficit) for the year		(3,681)	770,882
<b>Total recognised revenues and expenses for the year</b>		<u>(3,681)</u>	<u>770,882</u>
<b>Other movements</b>			
Dividends paid and payable	6	(30,000)	(50,000)
Disposal of revalued assets		(98,660)	
Allocation in compliance with Electricity (Information Disclosure) Regulations 1999		(2,406,620)	
Trade debtors		7,686	
Inventory		479,299	
Fixed assets		2,347,479	
Investments		(6,229)	
Trade creditors		(97,675)	
Accrued payroll		(323,940)	
<b>Total other movements for the year</b>		<u>(2,535,280)</u>	<u>(50,000)</u>
<b>Equity at end of the year</b>	6	<u>11,931,496</u>	<u>14,470,457</u>

The accompanying notes form an integral part of these Financial Statements.

**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 1999**

	Note	Lines Business	
		1999	1998
<b>Current tangible assets</b>			
Current assets	7	4,797,469	4,327,487
Property, plant & equipment held for resale	8	8,185,825	0
Income tax receivable	4	0	62,922
<b>Non-current tangible assets</b>			
Property, plant & equipment	8	190,436	11,026,240
Future income tax benefit	4	18,009	108,607
Other non-current tangible assets		31,145	27,030
<b>Total tangible assets</b>		<b>13,222,884</b>	<b>15,552,286</b>
Intangibles		0	0
<b>Total assets</b>		<b>13,222,884</b>	<b>15,552,286</b>
<b>Current liabilities</b>			
Funding liabilities	9	825,491	777,400
Term provision for retirement benefits		0	304,429
Income tax payable		465,897	0
Shareholders' equity	6	11,931,496	14,470,457
<b>Total equity and liabilities</b>		<b>13,222,884</b>	<b>15,552,286</b>

The accompanying notes form an integral part of these Financial Statements.



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

	Lines Business 1999
<b>Cash flows from operating activities</b>	
<b>Cash was received from:</b>	
Receipts from customers	7,191,213
Interest received	281,629
Net tax received	62,922
Other receipts from customers	0
	7,535,764
<b>Cash was applied to:</b>	
Payments to suppliers and employees	(5,500,862)
<b>Net cash inflow from operating activities</b>	2,034,900
<b>Cash flow from investing activities</b>	
<b>Cash was received from:</b>	
Investment maturities	2,115
<b>Cash was applied to:</b>	
Fixed asset purchases	(586,046)
Restructuring costs	(248,488)
	(834,534)
<b>Net cash outflow from investing activities</b>	(832,419)
<b>Cash flow from financing activities</b>	
<b>Cash was applied to:</b>	
Dividend paid	(80,000)
<b>Net cash outflow from financing activities</b>	(80,000)
<b>Total net cash movement</b>	1,122,481
Opening cash balances	3,211,126
<b>Closing cash balances</b>	4,333,607
Represented by:	
Cash on hand and at bank	4,333,607
Short term deposits	
<b>Closing cash balance</b>	4,333,607

The accompanying notes form an integral part of these Financial Statements.

**STATEMENT OF CASH FLOWS**  
**RECONCILIATION WITH OPERATING SURPLUS**  
**FOR THE YEAR ENDED 31 MARCH 1999**

	Lines Business 1999
<b>Surplus/(deficit) after income tax per Statement of Financial Performance</b>	(3,681)
<b>Plus non cash items</b>	
Depreciation	789,886
<b>Plus / (less) movement in working capital</b>	
Decrease / (increase) in future income tax benefit	90,598
Decrease / (increase) in accounts receivable	102,410
Increase / (decrease) in accounts payable	215,276
Decrease / (increase) in inventory	50,273
Increase in income tax payable	528,819
Decrease in interest receivable	12,831
<b>Plus / (less) items classified as investing activities</b>	
Restructuring costs – extraordinary item	248,488
<b>Net cash inflow from operating activities per Statement of Cash Flows</b>	2,034,900

**STATEMENT OF ACCOUNTING POLICIES****FOR THE YEAR ENDED 31 MARCH 1999**

These Financial Statements are for the reporting entity King Country Energy Limited Lines Business.

The Financial Statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1999 and the Financial Reporting Act 1993.

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.

The Electricity Information Disclosure Handbook 1999 has been followed in the preparation of these financial statements.

**ACCOUNTING PERIOD**

These financial statements cover trading for the year to 31 March 1999.

**TRADE DEBTORS**

Accounts receivable are stated at expected net realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

**CAPITAL CONTRIBUTIONS**

Capital contributions are taken to income when received.

**FIXED ASSETS**

Fixed Assets, other than land and buildings, are stated at cost less accumulated depreciation. Land and buildings are originally stated at cost and then revalued to latest Government Valuation less accumulated depreciation on buildings. As future revisions of Government Valuation are received land and buildings are revalued accordingly being a period not greater than three years from the previous valuation.

**DEPRECIATION**

Fixed Assets have been depreciated on the following basis.

Distribution Equipment	4% straight line on cost
Buildings	2% straight line on valuation
Motor Vehicles	20% DV on cost
Plant and Equipment	20% to 33% DV on cost

**TAXATION**

The income tax charged to the Statement of Financial Performance includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible costs. Deferred taxation, calculated using the comprehensive liability method, is accounted for in respect of those timing differences expected to reverse in the foreseeable future. A deferred tax benefit is recognised only if there is a virtual certainty of realisation.

**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

**STATEMENT OF ACCOUNTING POLICIES****FOR THE YEAR ENDED 31 MARCH 1999****EMPLOYEE ENTITLEMENTS**

Employee entitlements to salaries and wages, non-monetary benefits, 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.

**COMPARATIVES**

Comparative numbers have not been restated to comply with the current regulations. As a result where new disclosures are required no comparative numbers have been disclosed.

**CHANGES IN ACCOUNTING POLICY**

All accounting policies have been applied on a basis consistent with those used by the Company in the year to 31 March 1999, except for those required by the Electricity (Information Disclosure) Regulations 1999.

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

	Lines Business	
	1999	1998
<b>1. REVENUE FROM DISCONTINUED ACTIVITIES</b>		
Line rental:		
invoiced by electricity retailer	0	
invoiced by line owner	7,056,046	7,456,716
Revenue received from 'other'	0	
Interest received	268,798	215,514
AC loss-rental rebates	378,584	
Electricity hedges	0	
Capital contributions from customers	32,232	196,596
Gain on sale of fixed assets	0	
Other income	526	22,196
<b>Total revenue</b>	<b>7,736,186</b>	<b>7,891,022</b>
<b>2. EXPENSES FROM DISCONTINUED ACTIVITIES</b>		
Included in Operating Expenses are the following items:		
Transmission charges	2,072,282	2,018,172
Asset maintenance		
- Other	1,877,778	
- Non-related entity	208,642	
Consumer disconnections/reconnections		
- Other	10,004	
- Non-related entity	0	
Meter data provision		
- Other	84,286	
- Non-related entity	68,016	
Consumer-based load control services		
- Other	17,039	
- Non-related entity	0	
Avoided transmission charges	490,668	
Other goods and services provided by 'other'	0	
Consumer billing and information system expense	162,879	
Employee salaries and redundancies	281,885	
Depreciation:		
- system fixed assets	674,268	
- capital works under construction	-	
- other fixed assets	115,618	
<b>Total depreciation expense</b>	<b>789,886</b>	<b>898,875</b>
Corporate and administration	562,210	
Total other human resources expenses	16,551	
Marketing and advertising	15,461	
Merger and acquisition expenses	0	
Takeover defence expenses	0	
Research and development expenses	0	
Consultancy and legal expenses	7,081	
Electricity hedges	0	
Amortised goodwill	0	
Subvention payments	0	

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

	Lines Business	
	1999	1998
Bad debts written off	14,532	30,989
Operating lease expense	10,112	
Interest paid	0	
Audit fees	20,580	14,725
Other fees paid to auditors	0	4,325
Directors' fees	91,272	66,060
Other expenditure	133,720	
<b>Total expenditure</b>	<b>6,934,884</b>	
<b>3. EARNINGS BEFORE INTEREST AND TAX</b>	<b>532,504</b>	
<b>4. INCOME TAX</b>		
The amount of Income Tax attributable to the financial period differs from the prima facie tax payable on the net profit before tax. The difference is reconciled as follows:		
Net surplus/(deficit) before taxation	801,302	981,751
Taxation thereon at 33%	264,430	323,978
Permanent differences		
- Other	350,966	9,298
- Under/(over) provision in prior year	0	(122,407)
<b>Income tax attributable to operating surplus</b>	<b>615,396</b>	<b>210,869</b>
Tax attributable to extraordinary item (Note 5)	(58,901)	
	<b>556,495</b>	
Comprising:		
- Current tax provision	465,897	334,581
- Deferred income tax provision	90,598	(1,305)
- Under/(over) provision in prior year	0	(122,407)
	<b>556,495</b>	<b>210,869</b>
<b>FUTURE INCOME TAX BENEFIT</b>		
Balance at beginning of year	108,607	107,302
Current year timing differences	(90,598)	1,305
<b>Balance at end of year</b>	<b>18,009</b>	<b>108,607</b>
<b>IMPUTATION CREDIT MEMORANDUM ACCOUNT</b>		
Balance at beginning of year	1,125,230	636,119
Dividends paid	(30,000)	(39,403)
Taxation payments made		528,514
<b>Balance at end of year</b>	<b>1,095,230</b>	<b>1,125,230</b>

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

	Lines Business	
	1999	1998
<b>5. EXTRAORDINARY ITEMS</b>		
In accordance with the Electricity Industry Reform Act the decision was made to sell the lines business. The restructuring (refer note 14) resulted in extraordinary items in the accounts of the Business as follows:		
Restructuring costs	248,488	0
Income tax (Note 4)	(58,901)	0
Total extraordinary item (net of tax)	189,587	0
<b>6. SHAREHOLDERS EQUITY</b>		
Share Capital	12,426,810	12,426,810
Asset revaluation reserve	32,917	131,577
Retained earnings	1,878,389	1,912,070
Allocation in compliance with Electricity (Information Disclosure) Regulations 1999 – refer Statement of Movements in Equity.	(2,406,620)	0
	11,931,496	14,470,457
<b>SHARE CAPITAL</b>		
15,000,000 ordinary shares (1998: 15,000,000) were issued by King Country Energy Limited.		
<b>RESERVES</b>		
<b>Asset revaluation reserve</b>		
Balance at beginning of year	131,577	37,519
Transfer from retained earnings on disposal of fixed assets	0	94,058
Disposal of revalued assets	(98,660)	0
Balance at end of year	32,917	131,577
<b>Retained earnings</b>		
Balance at beginning of year	1,912,070	1,285,245
Net surplus / (deficit) for the year	(3,681)	770,882
Dividends paid and payable	(30,000)	(50,000)
Transfer from revaluation reserve on disposal of fixed assets	0	(94,057)
Balance at end of year	1,878,389	1,912,070
<b>7. CURRENT ASSETS</b>		
Cash & bank	4,333,607	3,211,126
Trade debtors	462,619	
Other debtors	0	
Prepayments	0	
Electricity hedges	0	
Other current assets	1,243	1,116,361
Total current assets	4,797,469	4,237,487

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

	Lines Business	
	1999	1998
<b>8. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Distribution equipment</b>		
- Cost	15,715,786	17,390,540
- Less accumulated depreciation	(8,454,975)	(8,199,860)
<b>Net book value</b>	<b>7,260,811</b>	<b>9,190,680</b>
<b>Centralised load control equipment</b>		
- Cost	1,053,203	
- Less accumulated depreciation	(310,921)	
<b>Net book value</b>	<b>742,282</b>	
<b>Customer billing &amp; information system</b>		
- Cost	274,216	
- Less accumulated depreciation	(180,166)	
<b>Net book value</b>	<b>94,050</b>	
<b>Land &amp; buildings</b>		
- Land - cost	0	8,536
- valuation	75,499	254,945
<b>Book value</b>	<b>75,499</b>	<b>263,481</b>
- Buildings - cost	27,365	35,063
- valuation	117,426	701,000
- Less accumulated depreciation	(7,333)	(24,685)
<b>Net book value</b>	<b>212,958</b>	<b>974,859</b>
Land & buildings are valued at Government Valuations dated 1996 – 1998		
<b>Motor vehicles</b>		
- Cost	34,388	814,675
- Less accumulated depreciation	(14,214)	(473,542)
<b>Net book value</b>	<b>20,174</b>	<b>341,133</b>
<b>Furniture, plant &amp; equipment</b>		
- Cost	229,597	1,434,784
- Less accumulated depreciation	(183,611)	(915,216)
<b>Net book value</b>	<b>45,986</b>	<b>519,568</b>
<b>Capital works under construction:</b>		
- Subtransmission assets	0	
- Zone substations	0	
- Distribution lines and cables	0	
- Medium voltage switchgear	0	
- Distribution transformers	0	
- Distribution substations	0	
- Low voltage line and cables	0	
- Other system fixed assets	0	
<b>Other</b>	<b>0</b>	
<b>Total fixed assets</b>	<b>8,376,261</b>	<b>11,026,240</b>
<b>Shown as:</b>		
- Property, plant & equipment held for resale	8,185,825	-
- Property, plant & equipment	190,436	11,026,240



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

	Lines Business	
	1999	1998
<b>9. CURRENT LIABILITIES</b>		
Accounts payable	500,340	534,731
Accrued payroll	315,501	138,444
Other accruals	0	54,225
Dividend provision	0	50,000
Electricity hedges	0	
Other current liabilities	9,650	
<b>Total current liabilities</b>	<b>825,491</b>	<b>777,400</b>

**10. FINANCIAL INSTRUMENTS****Fair values**

The carrying amounts of cash, bank balances and investments are equivalent to their fair value.

The carrying amounts of receivables and creditors are invoiced amounts taking account of any amounts considered irrecoverable and are equivalent to their fair value.

**Credit risk**

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash, investments and trade receivables. The maximum credit risk as defined by FRS 31 is the book value of these financial instruments, however the Company considers the risk of non recovery of these amounts as being minimal.

The Company places its cash deposits and investments with high-credit-quality financial institutions. Concentrations of credit risk with respect to receivables are limited due to a large number of customers included in the Company's base.

The Company requires a deposit for all new customers if no credit references are received from other Energy Companies. These are refunded after two years. No other form of security or collateral is required to support financial instruments with credit risk.

**11. RELATED PARTY TRANSACTIONS**

The only related parties of King Country Energy Limited are the King Country Electric Power Trust, Waitomo Energy Services Trust, KCE Mangahao Limited, Mangahao Joint Venture, KCE Retail Limited and KCE Generation Limited.

There have been no related party transactions of a material nature other than the payment of dividends to the Trust of \$80,000. There have been no undisclosed transactions with related Companies, which require disclosure under the Energy Companies Act 1992, Section 39 (2)(i).

No dividend is recommended for the period.

There are no outstanding balances between the parties. No debts were forgiven or written off during the period.

**FOR THE YEAR ENDED 31 MARCH 1999**

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**Lines Business  
1999**

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The Lines Business has received services from King Country Energy's Network Operations Division. Both entities form part of King Country Energy Limited. All transactions between the two parties are at the cost to the provider of providing those services. There have been no significant transactions at nil or nominal value.

(a) Construction of subtransmission assets	0
(b) Construction of zone substations	0
(c) Construction of medium voltage switchgear	0

King Country Energy increased the size of its network to enable supply to new customers. The costs involved in this area were:

(d) Construction of distribution lines & cables - combination of Overhead 11kv lines and Underground 11kv cables	262,854
(e) Construction of distribution transformers	122,131
(f) Construction of distribution substations	22,509
(g) Construction of low voltage reticulation	61,780

King Country Energy was also involved in connecting new consumers to its network and the following costs were incurred:

(h) Construction of other system fixed assets	55,891
(i) Maintenance of assets	1,877,788
(j) Consumer connections and disconnections	10,004
	2,412,957

In some cases estimates have been used to apportion costs between the categories listed above.

**12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

At 31 March 1999 the Company has not entered into any contracts to purchase and install capital equipment of a significant nature.

**13. OPTIMISED DEPRIVAL VALUE**

An Optimised Deprival Valuation (ODV) of the network business of the Company was carried out as at 31 March 1997. This valuation was carried out for information disclosure purposes under the Energy Companies Act 1992, Electricity Act 1992 and The Electricity (Information Disclosure) Regulations 1994. Under the ODV methodology the value of the network assets as at 31 March 1997 was \$27.3 million.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

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**14. CHANGES IN BUSINESS AND SUBSEQUENT EVENTS****(a) Changes in Business**

On 8 July 1998 the Electricity Industry Reform Act was passed by Parliament. This enactment requires separation of ownership of King Country Energy Limited's electricity supply and distribution businesses. To meet the requirements of the Act the following restructuring of the Company's activities occurred in the year ended 31 March 1999:

- Two subsidiaries, KCE Retail Limited and KCE Generation Limited, were created. King Country Energy Limited's electricity retail assets, electricity hedges and customer base were transferred to KCE Retail Limited. Fixed assets were transferred to the subsidiaries at book value.

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The above transaction was a non-cash transaction.

**(b) Subsequent Events**

Subsequent to 31 March 1999, the following events occurred:

- On 1 April King Country Energy Limited sold its lines business to Waitomo Energy Services Limited for \$24.0 million. Accordingly, the revenue and expenditure from the lines business is shown in the Statement of Financial Performance as discontinued activities.

**STATEMENT OF PERFORMANCE MEASURES****FOR THE YEAR ENDED 31 MARCH 1999**

	1999	1998	1997	1996
<b>Financial Measures</b>				
Return on Funds	-0.3%	5.81%	4.46%	5.03%
Return on Equity	-1.6%	5.06%	3.10%	4.37%
Return on Investment	-1.6%	-2.71%	2.26%	5.52%
<b>Efficiency Measures</b>				
Direct Line Costs per Kilometre \$	956	1,071	1,115	1,071
Indirect Line Costs per Customer \$	101	74	69	68

The latest available ODV Valuation was prepared as at 31 March 1997 and amounted to \$27.3 million

Comparative numbers have not been restated to comply with the current regulations.

**FORM FOR DERIVATION OF FINANCIAL AND EFFICIENCY MEASURES FROM THE  
FINANCIAL STATEMENTS**

	Symbol in formula	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	532,504		532,504
Net profit after tax	n		(3,581)	
Amortised Goodwill	g	0	0	0
Subvention Payment	s	0	0	0
Depreciation of SFA at BV		674,268	674,268	674,268
Depreciation of SFA at ODV		(1,287,850)	(1,287,850)	(1,287,850)
ODV Depreciation tax adjustment	b	(202,482)	(202,482)	(202,482)
ODV Depreciation adjustment	d	(613,582)	(613,582)	(613,582)
Subvention Payment tax adjustment				0
Interest Tax Shield	q			0
Revaluations	r			0
Income Tax	p			615,396
<b>Numerator (as adjusted)</b>		<b>(81,078)</b>	<b>(414,781)</b>	<b>(493,992)</b>
Fixed Assets at year beginning (FA o)		11,026,240		11,026,240
Fixed Assets at year end (FA i)		8,376,261		8,376,261
Net Working Capital at year beginning (NWC o)		3,613,306		3,613,306
Net Working Capital at year end (NWC i)		11,691,906		11,691,906
Average total funds employed (ATFE)	c	17,353,857		17,353,857
Total Equity at year beginning (TE o)			14,470,457	
Total Equity at year end (TE i)			11,931,496	
Average total equity	k		13,200,977	
Works under construction at year beginning (WUC o)		0	0	0
Works under construction at year end (WUC i)		0	0	0
Average total Works under construction	e	0	0	0
Revaluations	r			
Goodwill asset at year beginning (GW o)			0	
Goodwill asset at year end (GW i)			0	
Average Goodwill asset	m		0	
Subvention payment for previous year (S o)			0	
Subvention payment for this year (S i)			0	
Subvention payment tax adjustment for previous year			0	
Subvention payment tax adjustment for this year			0	
Average subvention payment & related tax adjustment	v		0	
System Fixed Assets at year beginning at book value (SFA bvo)		9,190,680	9,190,680	9,190,680
System Fixed Assets at year end at book value (SFA bvi)		8,003,093	8,003,093	8,003,093
Average value of system fixed assets at book value	f	8,596,887	8,596,887	8,596,887
System Fixed Assets at year beginning at ODV value (SFA odvo)		21,464,159	21,464,159	21,464,159
System Fixed Assets at year end at ODV value (SFA odvi)		21,545,583	21,545,583	21,545,583
Average value of system fixed assets at ODV value	h	21,504,871	21,504,871	21,504,871
<b>Denominator (as adjusted)</b>		<b>30,261,841</b>	<b>26,108,961</b>	<b>30,261,841</b>
<b>Financial Performance Measures</b>		<b>-0.3%</b>	<b>-1.6%</b>	<b>-1.6%</b>

PERFORMANCE MEASURES AND OTHER INFORMATION - PART 111  
Regulation 21

Energy Delivery Efficiency Performance Measures and Statistics		1997	1998	1999
<b>1 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES:</b>				
(a)	Load Factor	56%	53%	56%
(b)	Loss Ratio	8%	9%	9%
(c)	Capacity Utilisation	12%	15%	12%
<b>2 STATISTICS</b>				
(a)	System Length	2288	2346	2478
	33KV	209	191	191
	11KV	1810	1675	1797
	230-400V	469	480	498
(b)	Total Circuit Length - Overhead	2123	2173	2301
	33KV	209	191	191
	11KV	1544	1607	1728
	230-400V	370	375	381
(c)	Total Circuit Length - Underground	165	173	176
	33KV	-	-	-
	11KV	66	68	69
	230-400V	99	105	107
(d)	Transformer Capacity	219200	190100	192080
(e)	Maximum Demand	27206	28471	23787
(f)	Total Electricity Supplied	121637638	120650282	110230242
(g)	Total Electricity Conveyed on Behalf of Others	-	-	-
(h)	Total Number of Customers	13000	12090	12050

PERFORMANCE MEASURES AND OTHER INFORMATION - PART V  
Regulation 22

Reliability Performance Measures to be Disclosed by Line Owner

	1997	1998	1999
<b>1 TOTAL NUMBER OF INTERRUPTIONS</b>			
Class A	2	1	-
Class B	40	53	100
Class C	450	164	550
Class D	2	4	2
Class E	-	-	-
Class F	-	-	-
Class G	-	-	-
Total	494	222	652
<b>2 INTERRUPTIONS TARGETS FOR FOLLOWING YEARS</b>			
a N/A			
b N/A			
<b>3 AVERAGE INTERRUPTION TARGETS</b>			
a N/A			
b N/A			
<b>4 THE PROPORTION OF CLASS C INTERRUPTIONS NOT RESTORED WITHIN</b>			
a 3 hours	-	-	0.11
b 24 hours	-	-	0
<b>5a TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM</b>			
Total	12	11	26
33KV	14	12	33
11KV	9	12	12
b N/A			
c N/A			
<b>6 TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM OF UNDERGROUND</b>			
Total	22	3	37
33KV	-	-	-
11KV	9	3	17
<b>7 TOTAL NUMBER OF FAULTS PER 100 CIRCUIT KM OF OVERHEAD</b>			
Total	14	12	26
33KV	14	12	32
11KV	9	12	12
<b>8 THE SAIDI FOR THE TOTAL NUMBER OF INTERRUPTIONS</b>			
	367	271	22
9&10 N/A			

	1997	1998	1999
<b>11 THE SAIDI FOR THE TOTAL NUMBER OF INTERRUPTIONS WITHIN EACH CLASS</b>			
Class A	14	51	-
Class B	91	54	2
Class C	215	164	21
Class D	47	2	0.0025
Class E	-	-	-
Class F	-	-	-
Class G	-	-	-

**12 THE SAIFI FOR THE TOTAL NUMBER OF INTERRU**                      3.8                      4                      5

13&14      N/A

	1997	1998	1999
<b>15 THE SAIFI FOR THE TOTAL NUMBER OF INTERRUPTIONS WITHIN EACH CLASS</b>			
Class A	0.1	0.2	-
Class B	0.4	0.5	0.47
Class C	3.1	3.1	4
Class D	0.2	0.2	0.044
Class E	-	-	-
Class F	-	-	-
Class G	-	-	-

**16 THE CAIDI FOR THE TOTAL NUMBER OF INTERRUPTIONS**                      98                      410                      4.77

17&18      N/A

	1997	1998	1999
<b>19 THE CAIDI FOR THE TOTAL NUMBER OF INTERRUPTIONS WITHIN EACH CLASS</b>			
Class A	186	230	-
Class B	227	118	3.325
Class C	71	53	4.984
Class D	196	10	0.057
Class E	-	-	-
Class F	-	-	-
Class G	-	-	-

