



New Zealand Gazette

OF THURSDAY, 17 AUGUST 2000

WELLINGTON: FRIDAY, 18 AUGUST 2000 — ISSUE NO. 93

TOP ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

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

We, Jack Poutsma and Michael Simm, directors of Top Energy Limited certify that, having made all reasonable enquiries, to the best of our knowledge:

- a. The attached audited financial statements of Top Energy 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 Top 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 those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2000.

J P Poutsma
J P Poutsma

M Simm
M Simm

Date: 1 August 2000

IMPORTANT NOTE

Information disclosed in this 2000 Information Disclosure package issued by Top Energy 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 other purpose than that intended under the regulations.

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 a quote or estimate of rates or terms that will apply in the future.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

	<i>Notes</i>	LINE BUSINESS	
		\$	
		2000	1999
Income - continuing activities	<i>1</i>	16,531,508	13,638,706
Less expenses, excluding finance costs	<i>2</i>	11,693,325	10,899,187
Profit before finance, abnormals and taxation		4,838,183	2,739,519
Less net finance costs	<i>3</i>	706,653	1,046,680
Profit before taxation		4,131,530	1,692,839
Less taxation	<i>4</i>	584,000	287,147
Profit after taxation		3,547,530	1,405,692

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS**

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE 12 MONTHS ENDED 31 MARCH 2000

	<i>Notes</i>	LINE BUSINESS	
		\$	
		2000	1999
EQUITY AS AT 1 APRIL 1999		72,573,436	50,267,086
Profit after taxation		3,547,530	1,405,692
Plus revaluation of distribution asset			20,945,658
Total recognised revenue and expenses for the year		3,547,530	22,351,350
Less dividends	5	1,270,000	45,000
EQUITY AS AT 31 MARCH 2000		74,850,966	72,573,436
Represented by:			
RETAINED EARNINGS			
Opening balance		14,836,239	13,685,386
Profit after taxation		3,547,530	1,405,692
Dividend paid	5	(1,270,000)	(45,000)
Transfer to capital contribution reserve		(338,180)	(209,839)
		16,775,589	14,836,239
CAPITAL CONTRIBUTIONS RESERVE	<i>Policy 2</i>		
Opening balance		1,070,035	860,196
Transferred from retained earnings		338,180	209,839
		1,408,215	1,070,035
ASSET REVALUATION RESERVE	<i>Policy 5</i>		
Revaluation of distribution infrastructure asset		33,449,182	12,503,524
Revaluation of Distribution asset		-	20,945,658
		33,449,182	33,449,182
PAID IN CAPITAL	6	23,217,980	23,217,980
		74,850,966	72,573,436

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TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2000

	<i>Notes</i>	LINE BUSINESS	
		\$	
		2000	1999
SHAREHOLDERS' FUNDS		74,850,966	72,573,436
Represented by:			
TERM LIABILITIES	8	5,110,000	8,390,000
CURRENT LIABILITIES			
Bank balances	11	102,056	46,833
Creditors and accruals	9	2,476,350	2,584,708
Term Liabilities within 12 months	8	3,790,000	2,310,000
Taxation payable		584,000	(83,015)
		6,952,406	4,858,526
TOTAL EQUITY & LIABILITIES		86,913,372	85,821,962
FIXED ASSETS	10	73,828,198	71,816,676
CURRENT ASSETS			
Cash and bank balances	11	200	283,119
Interbusiness current account	12	10,919,517	11,980,843
Accounts receivable	13	2,165,457	1,741,324
		13,085,174	14,005,286
TOTAL ASSETS		86,913,372	85,821,962
		74,850,966	72,573,436

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****FINANCIAL STATEMENTS****STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED 31 MARCH 2000

	LINE BUSINESS	
	2000	1999
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	16,107,375	13,869,819
Interest received	-	11,224
Dividends received		
GST receivable	92,147	1,346,274
	16,199,522	15,227,317
Cash was disbursed to:		
Payments to suppliers and employees	11,528,243	11,002,924
Interest paid	724,944	1,057,904
Taxation paid	(83,015)	162,840
	12,170,172	12,223,668
Net cash from operating activities	4,029,350	3,003,649
CASHFLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Sale of fixed assets	-	231,748
Other businesses	1,061,325	5,250,626
Cash was applied to:		
Purchase and construction of fixed assets	2,358,817	2,232,262
Net cash used in investing activities	(1,297,492)	3,250,112
CASHFLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Proceeds of Term Loan		
Cash was applied to:		
Dividends paid	1,270,000	45,000
Repayment of loans	1,800,000	5,885,000
Net cash from financing activities	(3,070,000)	(5,930,000)
NET INCREASE/(DECREASE) IN CASH HELD	(338,142)	323,761
OPENING CASH	236,286	(87,475)
CLOSING CASH	(101,856)	236,286

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

TOP ENERGY LIMITED**FINANCIAL STATEMENTS****SPECIAL PURPOSE FINANCIAL STATEMENTS**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2000

	LINE BUSINESS	
	2000 \$	1999 \$
CASH COMPRISES		
Cash on hand	200	
BNZ current account	(102,056)	(46,833)
BNZ US \$ account		
Short term deposits		283,119
	(101,856)	236,286
RECONCILIATION OF NET PROFIT AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES		
Reported Net Profit after Taxation	3,547,530	1,405,692
Add/(Less) items classified as investing or financing activities		
Net loss/(profit) on disposal of assets	95,116	(34,789)
Add/(Less) other non-cash items:		
Change in provisions for leave etc		
Depreciation	452,620	356,484
Network maintenance deferred/(recovery)	(200,440)	174,713
	252,180	531,197
Add/(Less) movement in other working capital items		
Increase/(decrease) in tax payable	667,015	(162,840)
(Increase)/decrease in accounts receivable	(424,133)	231,113
Increase/(decrease) in accounts payable	(108,358)	1,033,276
	134,524	1,101,549
NET CASHFLOWS FROM OPERATING ACTIVITIES	4,029,350	3,003,649

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999 and are not intended for any other purpose.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 2000****STATEMENT OF ACCOUNTING POLICIES**

The financial statements are those of the Line business of Top Energy Limited. Top Energy Limited is owned 100% by the Bay of Islands Electric Power Trust and these organisations are in a "Prescribed Business Relationship" as defined by Regulation 3(1)(a)(ii) of the Electricity (Information Disclosure) Regulations 1999.

The period reported is 1 April 1999 to 31 March 2000

These financial statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999, and as amended by the Electricity (Information Disclosure) Amendment Regulations 2000. The financial statements have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

GENERAL ACCOUNTING POLICIES

The accounting policies recognised as appropriate for the measurement and reporting of results and financial position under the historic cost method, as modified by revaluation of the distribution system, have been followed in the preparation of these financial statements.

Methodology of Separation of Business

Top Energy Limited has followed the Electricity Information Disclosure Handbook dated 30 June 2000, as issued by the Ministry of Economic Development.

PARTICULAR ACCOUNTING POLICIES

The following particular accounting policies, which significantly affect the measurement of financial performance and financial position, have been applied.

1 Sales

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Company for electricity distribution services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.

2 Capital Contributions

Funds received from customers, as a contribution towards the cost of uneconomic supply facilities, are recognised in the statement of financial performance as soon as any obligations attaching to the contributions have been met.

Where a customer's circumstances change such that a part or all of the contribution is refunded, then a separately established reserve has been set up for this purpose. Contributions may be refunded within 10 years of the original date of payment.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 2000****3 Taxation**

The taxation charged against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation. Future taxation benefits attributable to timing differences or to losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised by the Company.

4 Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing against debts where collection is doubtful.

5 Fixed Assets

Fixed assets held by the former Bay of Islands Electric Power Board were vested in the Company, Top Energy Ltd, on 1 May 1993 under the Energy Companies Act 1992. Fixed assets were vested at book value as at 1 May 1993, and represent "cost" to the Company.

The cost of fixed assets purchased after 1 May 1993 is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The infrastructural asset is valued at a business valuation which the Directors consider to be a fair value.

The infrastructural asset is revalued on a three-year cyclical basis by independent registered valuers. The business valuation is based on the expected future revenue earning potential of the business. Additions to the infrastructure are incorporated at cost in the intervening time between revaluations.

Capital work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

Land and Buildings relating to substations are "owned" by the lines business.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 2000****6 Renewal Accounting - Distribution Network**

Assets comprising the distribution network system are reported using the renewal accounting method and are stated at valuation. These infrastructural assets include all items directly involved in the delivery of electricity, but exclude substation land, buildings, transformers, circuit breakers and load management control equipment. All expenditure that extends or enhances the infrastructure is capitalised. Expenditure incurred in maintaining the infrastructure's capacity is treated as an expense in the period in which it is incurred. The actual amount expended is compared with a predetermined benchmark level and any shortfall or excess is adjusted through the Statement of Financial Performance. Similarly the value of the infrastructure asset is increased or decreased by the same amount.

7 Depreciation

Land, infrastructure distribution system and work-in-progress assets are not depreciated. As noted below, other fixed assets are depreciated on a straight line (Cost) or diminishing value (DV) basis that has regard to their historical cost, estimated useful life and expected residual value:

Non-infrastructure Distribution Assets	2.50%	SL
Buildings	2.00%	SL
Office Equipment, Plant and Furniture	10.00%	SL
Information systems assets	10.00-20.00%	SL
Chainsaws	33.33%	SL
Computer Software	33.33%	SL
Motor Vehicles	20.00%	DV

8 Statement of Cash Flows

The following is the definition of terms used in the Statement of Cash Flows:

“Cash” means coins and notes, demand deposits and other highly liquid investments in which the Company has invested as part of its day-to-day cash management. Cash includes liabilities which are the negative form of the above, such as the bank overdraft. Cash does not include accounts receivable or payable, or any borrowing subject to a term facility.

“Investing activities” are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.

“Financing activities” are those activities which result in changes in the size and capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

“Operating activities” include all transactions and other events that are not investing or financing activities and includes interest and dividends received in relation to investments.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 2000****9 Financial Instruments**

All financial instruments are recognised in the Statement of Financial Position except for off balance sheet instruments such as guarantees.

Financial instruments including cash, bank, accounts receivable, accounts payable, and term debt are generally carried at their estimated fair value.

Top Energy Ltd has entered into various financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to interest. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Changes in Accounting Policies

There were no material changes in accounting policy, with the exception of those mandatory provisions of the Electricity (Information Disclosure) Amendment Regulations 2000.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

	LINE BUSINESS	
	\$	
	2000	1999
1 INCOME		
Electricity Line revenue	15,865,589	12,835,182
AC loss rental rebate	333,104	519,343
Capital contributions	332,815	284,181
Total income	16,531,508	13,638,706
2 NET PROFIT BEFORE TAXATION		
The net profit before taxation is stated after charging:		
Loss/(Profit) on disposal of fixed assets	95,116	(34,789)
Depreciation	452,620	356,484
Auditors - audit services	21,451	14,988
- other services	6,393	8,802
Directors' fees	92,000	98,875
Bad debts	-	-
Doubtful debts	-	-
Infrastructural maintenance adjustment	(200,440)	174,713

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

	LINE BUSINESS	
	\$	
	2000	1999
3 NET FINANCE COSTS		
Comprise:		
Interest - term debt	704,266	1,046,898
Interest - other	2,387	11,006
Gross finance costs	706,653	1,057,904
Less - interest on short term deposits		(5,099)
Less - interest from IRD		(6,125)
Net finance costs	706,653	1,046,680
4 TAXATION		
The taxation provision has been calculated as follows:		
Profit for the period	4,131,530	1,692,839
Taxation for the period at 33%	1,363,405	558,637
Plus/(Less) tax effect of:		
Non deductible items	6,600	16,705
Prior year adjustment	-	-
Losses utilised	(371,275)	
Unrecognised timing differences	(414,730)	(288,195)
	584,000	287,147
The taxation charge is represented by:		
Prior year adjustment	-	-
Taxation payable in respect of the current period	584,000	287,147
Deferred taxation	-	-
	584,000	287,147
The Company has not recognised a deferred tax liability of \$2,637,435 (1999:\$2,222,705) on timing differences of \$7,992,228 (1999:\$6,735,469), as these are not expected to reverse in the foreseeable future.		
5 DIVIDENDS		
Ordinary dividend paid (.0028 cents per share)	70,000	45,000
Ordinary dividend paid (.048 cents per share)	1,200,000	
Total dividends paid or provided	1,270,000	45,000

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

	LINE BUSINESS	
	\$	
	2000	1999
6 SHARE CAPITAL		
23,042,500 ordinary shares issued to the trustees of the Bay of Islands Electric Power Trust for a consideration of	23,217,980	23,217,980
Net assets vested in the Company 1 May 1993	23,217,980	23,217,980
7 IMPUTATION CREDIT ACCOUNT		
Opening balance	3,327,251	3,043,294
Plus income tax paid	(83,015)	283,957
Imputation credits attached to dividends paid	(591,044)	-
Closing Balance	2,653,192	3,327,251

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

	Interest Rate %	Repayable	Fair Value	LINE BUSINESS	
				\$	
8 TERM LIABILITIES				2000	1999
Facility Ag. 16.09.1999	6.125	07.04.2000	511,020	511,005	
Facility Ag. 26.03.1999	6.575	28.06.2000	808,636	809,091	895,595
Facility Ag. 25.09.1998	*7.155	25.09.2000	2,130,649	2,129,187	2,356,828
Renewal Loan 34	16.000	01.10.2000	355,469	340,670	377,093
Facility Ag. 07.08.1998	*7.695	07.08.2001	4,252,085	4,258,373	4,713,656
Facility Ag. 04.11.1998	*6.775	4.11.2002	823,741	851,674	942,730
BNZ loans					1,414,098
				8,900,000	10,700,000
Less current portion				3,790,000	2,310,000
Term liabilities				5,110,000	8,390,000
Repayable as follows:					
Due after 1 but before 2 years				4,258,326	2,733,820
Due after 2 but before 5 years				851,674	5,656,180
				5,110,000	8,390,000

* Effective interest rate under interest rate swap agreements

No securities have been given in respect of liabilities.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

9 CREDITORS AND ACCRUALS	LINE BUSINESS	
	\$	
	2000	1999
Accounts payable and accruals	2,417,972	2,455,961
Payroll provisions	58,378	128,747
	2,476,350	2,584,708

10 FIXED ASSETS	Net Book Value			
	Cost or Valuation	Accumulated Depreciation	2000	1999
	Land & Buildings	390,779	(30,709)	360,070
Distribution system at valuation				
Infrastructure	61,878,764	-	61,878,764	60,428,000
Non infrastructure	10,688,903	(311,644)	10,377,259	10,035,320
Centralised load control equipment	120,120		120,120	120,120
Office equipment & furniture	73,199	(30,643)	42,556	42,428
Information system & billing assets	676,794	(469,111)	207,683	271,541
Vehicles	-	-	-	-
Capital work in progress	841,746	-	841,746	543,193
Total fixed assets	74,670,305	(842,107)	73,828,198	71,816,676

i) There is no Goodwill or other intangible fixed asset in Line business Fixed assets.

ii) The latest Government Valuations by Quotable Value New Zealand of land and improvements are:

	Land	Improvements	Total
1 September 1998	295,000	305,500	600,500

iii) The Distribution system was revalued by independent registered valuers, Ernst & Young. The valuation was at 31 March 1999 and the report is dated 21 June 1999. The valuation is a Business valuation and is equal to Optimised Deprival Value also prepared by the valuers. Subsequent additions and disposals are recorded at cost.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

	LINE BUSINESS	
	\$	
	2000	1999
11 CASH AND BANK BALANCES		
CURRENT ASSETS		
Comprise		
Cash on hand	200	300
BNZ current account		282,819
	200	283,119
CURRENT LIABILITIES		
BNZ current account	(102,056)	(46,833)
Net cash & Bank position	(101,856)	236,286
12 INTERBUSINESS CURRENT ACCOUNT		
Represents notional net funds advanced from the Lines business to 'Other businesses'. These amounts would be repaid if the Other business were sold, or forgiven if the Other business were transferred to a Mirror trust.		
- Account receivable	11,429,517	12,497,843
- Account payable for March 2000 month	(510,000)	(517,000)
	10,919,517	11,980,843
13 ACCOUNTS RECEIVABLE		
Comprise:		
Trade debtors	1,856,073	1,623,110
Accruals and prepayments	309,384	118,214
	2,165,457	1,741,324

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000****14 RELATED PARTY TRANSACTIONS**

There have been no material related party transactions requiring disclosure in accordance with SSAP 22 "Related Party Disclosures", apart from the following:

i. Bay of Islands Electric Power Trust:

Top Energy Ltd is wholly owned by Bay of Islands Electric Power Trust. For the period ended 31 March 2000, Top Energy Ltd paid \$1,270,000 (31 March 1999: \$45,000) in the form of a dividend to the above Trust. This payment is reflected in the Statement of Financial Performance of Top Energy Ltd.

During the period Top Energy processed transactions on an agency basis on behalf of the Trust in order to settle routine business dealings. As at 31 March 2000, a balance of \$58,276 (31 March 1999 \$12,810) owing by the Trust to the Company has been included in accounts receivable in the statement of financial position. All transactions with the Trust were made on normal business terms.

ii. Transfer Payments between Line & 'Other' business:

The following related party transactions occurred in the year between the Line & Other businesses.

Note	2000 (Income)/ cost	1999 (Income)/ cost
Transfer Payment Cost to Line:		
Asset maintenance services	a 3,393,760	3,402,408
Avoided transmission charges	b 564,000	423,000
Property rental	c 38,004	38,004
Payment for meter data	Nil	nil
Consumer based load control	Nil	nil
Disconnection/reconnection services	Nil	nil
Asset construction	d	
Subtransmission assets	Nil	54,046
Zone substations		-
Distribution lines & cable	1,004,462	1,214,970
Medium voltage switchgear		-
Distribution transformers		-
Distribution substations		-
Low voltage lines & cables	1,121,486	1,067,116
Other system fixed assets		-

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000**

14 RELATED PARTY TRANSACTIONS

- a. Asset maintenance services are provided by the Contracting Division in respect of the System fixed asset. Services are provided as contracted by the Line business and are charged on a full cost recovery basis. Services were provided throughout the year. The outstanding balance at 31 March 2000 was \$282,813.
- b. Avoided Transmission charges are paid in respect of embedded generation provided by Ngawha Construction Limited (NCL). Charges are based on the Transpower market rate. The service was provided for the full year (1999: from 1 July 1998 to 31 March 1999). The outstanding balance at 31 March 2000 was \$47,000 (1999: \$475,875).
- c. Property facilities are provided to the Line business by the Property Division. Rentals are at market rates for the specific sites. Services were provided throughout the year. The property rental includes cost recovery in respect of rates of \$10,942. The outstanding balance at 31 March 2000 was \$3,167.
- d. Asset construction services are provided by the Contracting Division in respect of the System fixed asset. Services are provided as contracted by the Line business and are charged on a full cost recovery basis. Services were provided throughout the year. The outstanding balance at 31 March 2000 was \$177,020.

15 FINANCIAL INSTRUMENTS

a. **Currency and Interest Rate Risk**

Nature of activities and management policies with respect to financial instruments:

i. *Currency*

The Group has undertaken foreign currency transactions from time to time in connection with its activities. To manage the foreign currency risk the Group has used forward exchange contracts. There are no contracts in place at 31 March 2000.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999**

15 FINANCIAL INSTRUMENTS

ii. *Interest Rate*

The Company has a \$25m revolving Facility Agreement with the Bank of New Zealand. This allows borrowings to be made over variable periods. At balance date \$8.9m was advanced to the Line business, and these advances will be renewed to coincide with funding requirements. The expected repayment dates are as disclosed in Note 8.

The notional principal or contract amounts of interest rate contracts outstanding at 31 March 2000 for the Line business are \$7.2m (1999: \$8.9m). The effective interest rates are disclosed in Note 8.

The Company has not entered into forward agreements or futures transactions.

b. **Concentration of Credit Risk**

In the normal course of its business, the Company incurs credit risk from trade debtors and transactions with financial institutions.

The Company has a credit policy which is used to manage its exposure to credit risk. As part of this policy, limits on exposures with counterparties have been set and approved by the Board of Directors and are monitored on a regular basis.

The Company does not have any significant concentrations of credit risk. The Company does not require any collateral or security to support financial instruments as it only deposits with, or lends to, banks and other financial institutions of recognised quality. The Company does not expect the non-performance of any material obligations at balance date.

c. **Fair Values**

The following methods were used to estimate the fair values of these classes of financial instruments:

- i. Cash and liquid deposits, debtors and other accounts receivable including sundry debtors, creditors and other accounts payable including sundry creditors, loans payable within twelve months.

The carrying value of these items is equivalent to their fair value.

- ii. *Term Liabilities* – see Note 8.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2000****16 SEGMENT INFORMATION**

The Group operates primarily in one industry: the electricity generation and conveyance industry, and in one geographic location: Northland, New Zealand.

17 CAPITAL EXPENDITURE COMMITMENTS

Top Energy Ltd had no material commitments for capital expenditure at 31 March 2000 (31 March 1999: \$37,749).

18 CONTINGENT LIABILITIES

The Company has contingent liabilities, not exceeding \$0.6million at 31 March 2000 (1999: \$2.75m), for refundable capital contributions. This amount is in addition to the amount of \$1,408,215 retained in the capital contributions reserve in relation to possible refunds.

Statement of Financial Position Disclosure (Schedule 1, Part 2)

para		2000 \$	1999 \$
1	Current assets		
(a)	Cash and bank balances:	200	283,119
(b)	Short-term investments:	0	0
(c)	Inventories:	0	0
(d)	Accounts receivable:	2,165,457	1,741,324
(e)	Other current assets not listed in (a) to (d):	10,919,517	11,980,843
(f)	Total current assets	13,085,174	14,005,286
2	Fixed assets		
(a)	System fixed assets:	72,731,474	70,836,319
(b)	Consumer billing and information system assets:	207,684	271,541
(c)	Motor vehicles:	0	0
(d)	Office equipment:	42,556	42,428
(e)	Land and buildings:	4,739	20,743
(f)	Capital works under construction:	841,745	543,193
(g)	Other fixed assets not listed in (a) to (f):	0	102,452
(h)	Total fixed assets	73,828,198	71,816,676
3	Other tangible assets not listed above	0	0
4	Total tangible assets	86,913,372	85,821,962
5	Intangible assets		
(a)	Goodwill:	0	0
(b)	Other intangibles not listed in (a) above:	0	0
(c)	Total intangible assets	0	0
6	Total assets	86,913,372	85,821,962
7	Current liabilities		
(a)	Bank overdraft:	102,056	46,833
(b)	Short-term borrowings:	3,790,000	2,310,000
(c)	Payables and accruals:	2,476,350	2,584,708
(d)	Provision for dividends payable:	0	0
(e)	Provision for income tax:	584,000	-83,015
(f)	Other current liabilities not listed in (a) to (e) above:	0	0
(g)	Total current liabilities	6,952,406	4,858,526
8	Non-current liabilities		
(a)	Payables and accruals:	0	0
(b)	Borrowings:	5,110,000	8,390,000
(c)	Deferred tax:	0	0
(d)	Other non-current liabilities not listed in (a) to (c) above:	0	0
(e)	Total non-current liabilities	5,110,000	8,390,000
9	Equity		
(a)	Shareholders' equity:		
(i)	Share capital:	23,217,980	23,217,980
(ii)	Retained earnings:	16,775,589	14,836,239
(iii)	Reserves:	34,857,397	34,519,217
(iv)	Total Shareholders' equity:	74,850,966	72,573,436
(b)	Minority interests in subsidiaries:	0	0
(c)	Total equity:	74,850,966	72,573,436
(d)	Capital notes:	0	0
(e)	Total capital funds:	74,850,966	72,573,436
10	Total equity and liabilities	86,913,372	85,821,962

Operating Revenue (Schedule 1, Part 2)

para

11

		2000	1999
		\$	\$
	11 Operating revenue		
(a)	(a) Revenue from line/access charges:	15,865,589	12,835,182
(b)	(b) Revenue from "Other" business for services carried out by the line business (transfer payment):	0	0
(c)	(c) Interest on cash, bank balances and short term investments:	0	0
(e)	(d) AC loss-rental rebates:	333,104	519,343
(f)	(e) Other revenue not listed in (a) to (d):	332,815	284,181
(g)	Total operating revenue	16,531,508	13,638,706

Expenditure (Schedule 1, Part 2)

para

12 Operating expenditure

		2000	1999
		\$	\$
(a)	Payment for transmission charges	4,276,902	3,937,728
(b)	Transfer payments to the "Other" business for:		
(i)	Asset maintenance:	3,393,760	3,402,408
(ii)	Consumer disconnection/reconnection services:	0	0
(iii)	Meter data:	0	0
(iv)	Consumer-based load control services:	0	0
(v)	Royalty and patent expenses:	0	0
(vi)	Avoided transmission charges on account of own generation	564,000	423,000
(vii)	Other goods and services not listed in (i) to (vi) above	0	0
(viii)	Total transfer payment to the "Other" business	3,957,760	3,825,408
(c)	Expense to entities that are not related parties for:		
(i)	Asset maintenance:	0	0
(ii)	Consumer disconnection/reconnection services	0	0
(iii)	Meter data	0	0
(iv)	Consumer-based load control services	0	0
(v)	Royalty and patent expenses	0	0
(vi)	Total of specified expenses to non-related parties (sum of (i) to (v))	0	0
(d)	Employee salaries, wages and redundancies	1,597,612	1,377,806
(e)	Consumer billing and information system expense	69,988	113,928
(f)	Depreciation on:		
(i)	System fixed assets:	332,364	228,528
(ii)	Other assets not listed in (i)	120,256	127,956
(iii)	Total depreciation	452,620	356,484
(g)	Amortisation of:		
(i)	Goodwill:	0	0
(ii)	Other intangibles:	0	0
(iii)	Total amortisation of intangibles	0	0

Expenditure (Schedule 1, Part 2)

	2000	1999
(h) Corporate and administration:	248,139	220,683
(i) Human resource expenses:	63,771	82,129
(j) Marketing/advertising:	166,856	129,449
(k) Merger and acquisition expenses:	0	0
(l) Takeover defence expenses:	0	0
(m) Research and development expenses:	0	0
(n) Consultancy and legal expenses:	142,947	152,938
(o) Donations:	1,500	0
(p) Directors' fees:	92,000	98,875
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	21,451	14,988
(ii) Audit fees paid to other auditors:		
(iii) Fees paid for other services provided by principal and other auditors:	6,393	8,802
(iv) Total auditors' fees:	27,844	23,790
(r) Costs of offering credit:		
(i) Bad debts written off:	0	0
(ii) Increase in estimated doubtful debts:	0	0
(iii) Total cost of offering credit:	0	0
(s) Local authority rates expense:	10,942	10,084
(t) AC loss-rentals (distribution to retailers/customers) expense:	333,104	519,343
(u) Rebates to consumers due to ownership interest:	0	0
(v) Subvention payments:	0	0
(w) Unusual expenses:	0	0
(x) Other expenditure not listed in (a) to (w)	251,340	50,542
13 Total operating expenditure	11,693,325	10,899,187
14 Operating surplus before interest and income tax	4,838,183	2,739,519
15 Interest expense		
(a) Interest expense on borrowings	706,653	1,057,904
(b) Financing charges related to finance leases	0	0
(c) Other interest expense	0	-11,224
(d) Total interest expense	706,653	1,046,680
16 Operating surplus before income tax	4,131,530	1,692,839
17 Income tax	584,000	287,147
18 Net surplus after tax	3,547,530	1,405,692



Schedule 4 -part 8 of the Electricity Regulations 1999

Annual Valuation Reconciliation Report of System Fixed Assets

	\$'000
Year ending 31 March 2000	<u>72,731</u>
System fixed assets at ODV – 31 March 1999	70,836
Add system fixed assets acquired during the year	2,126
Less system fixed assets disposed of during the year	99
Less depreciation on system fixed assets	332
Add revaluations – prepaid infrastructural maintenance	200
Equals system fixed assets at ODV – 31 March 2000	<u>72,731</u>

August 2000

SCHEDULE 1 - PART 7
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	4,838,183				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	4,838,183				
Interest on cash, bank balances, and short-term investments (ISTI)	0				
OSBIT minus ISTI	4,838,183	a	4,838,183		4,838,183
Net surplus after tax from financial statements	3,547,530				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	3,547,530	n		3,547,530	
Amortisation of goodwill and amortisation of other intangibles	0				
Subvention payment	0	g	add	add	add
Depreciation of SFA at BV (x)	332,364	s	add	add	add
Depreciation of SFA at ODV (y)	332,364				
ODV depreciation adjustment	0	d	add	add	add
Subvention payment tax adjustment	0	s ^t	deduct	deduct	deduct
Interest tax shield	233,195	q	deduct	deduct	deduct
Revaluations	200,440	r	add		233,195
Income tax	\$84,000	p	deduct		200,440
Numerator			OSBIT ^{ROF} = a + g + s + d	NSAT ^{ROE} = n + g + s - s ^t + d	OSBIT ^{ROI} = a + g - q + r + s + d - p - s ^t
Fixed assets at end of previous financial year (FA _p)	71,816,677				
Fixed assets at end of current financial year (FA _c)	73,828,198				
Adjusted net working capital at end of previous financial year (ANWC _p)	-3,670,384				
Adjusted net working capital at end of current financial year (ANWC _c)	-4,610,893				
Average total funds employed (ATFE)	68,681,799 (or regulation 33 time-weighted average)	c	68,681,799		68,681,799
Total equity at end of previous financial year (TE _p)	72,573,436				
Total equity at end of current financial year (TE _c)	74,850,866				
Average total equity	73,712,151 (or regulation 33 time-weighted average)	k		73,712,151	
WUC at end of previous financial year (WUC _p)	543,193				
WUC at end of current financial year (WUC _c)	841,746				
Average total works under construction	692,470 (or regulation 33 time-weighted average)	e	deduct	deduct	deduct
Revaluations	200,440	r			

SCHEDULE 1 - PART 7
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Half of revaluations	100,220	$t/2$			deduct 100,220
Intangible assets at end of previous financial year (IA _t)	0				
Intangible assets at end of current financial year (IA _t)	0				
Average total intangible asset (or regulation 33 time-weighted average)	0	m		add 0	
Subvention payment at end of previous financial year (S _t)	0				
Subvention payment at end of current financial year (S _t)	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v		add 0	
System fixed assets at end of previous financial year at book value (SFA _{bo,t})	70,836,319				
System fixed assets at end of current financial year at book value (SFA _{bo,t})	72,731,474				
Average value of system fixed assets at book value	71,783,897 (or regulation 33 time-weighted average)	f	deduct 71,783,897	deduct 71,783,897	deduct 71,783,897
System Fixed assets at year beginning at ODV value (SFA _{odv,t})	70,836,319				
System Fixed assets at end of current financial year at ODV value (SFA _{odv,t})	72,731,474				
Average value of system fixed assets at ODV value	71,783,897 (or regulation 33 time-weighted average)	h	add 71,783,897	add 71,783,897	add 71,783,897
Denominator					
	67,989,330		$ATFE^{odv} = c \cdot e \cdot f + h$	$Ave TE^{odv} = k \cdot e \cdot m + v \cdot f + h$	$ATFE^{odv} = c \cdot e \cdot \frac{1}{2} \cdot t \cdot f + h$
Financial Performance Measure:					
	7.1		$ROF = OSBIT^{odv} / ATFE^{odv} \times 100$	$ROE = NSAT^{odv} / ATFE^{odv} \times 100$	$ROI = OSBIT^{odv} / ATFE^{odv} \times 100$

t = maximum statutory income tax rate applying to corporate entities
 subscript 't' = end of the current financial year
 subscript '0' = end of the previous financial year
 bv = book value
 ave = average
 odv = optimised deprival valuation
 ROF = return on funds
 ROE = return on equity
 ROI = return on investment



TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 2000

Regulations 15 and 16

i. Financial Performance Measures

	Actual 2000	Actual 1999	Actual 1998	Actual 1997	Actual 1996
a. Return on Funds	7.10%	3.47%	4.49%	6.34%	6.08%
b. Return on Equity	4.90%	1.92%	4.23%	5.35%	4.52%
c. Return on Investment	6.20%	4.30%	3.91%	4.71%	6.12%

ii. Efficiency Performance Measures

	Actual 2000	Actual 1999	Actual 1998	Actual 1997	Actual 1996
a. Direct Line Costs per kilometre	\$ 932	\$ 876	\$ 1202	\$ 1,211	\$ 1,105
b. Indirect Line Costs per Electricity Customer	64	62	72	72	78

Optimised Deprival Valuation

The Optimised Deprival Valuation (established as at 31 March 1999) is \$70,836,319.

Regulation 21

i. Energy Delivery Efficiency Performance Measures

	2000	1999	1998	1997
a. Load Factor	% 62	% 60	% 63	% 67
b. Loss Ratio	9.9	9.9	10.3	10.5
c. Capacity Utilisation	31	33	32	32

ii. Statistics

See table below for the following statistics:

- System Length (kms) and breakdown by nominal line voltage.
- Underground circuit length (kms) and breakdown by nominal line voltage.
- Overhead circuit length (kms) and breakdown by nominal line voltage.

	(c) Overhead Circuit				(b) Underground Circuit				(a) Total System			
	2000	1999	1998	1997	2000	1999	1998	1997	2000	1999	1998	1997
33kV	245	239	239	239	0	0	0	0	245	239	239	239
11kV	3067	3051	3,044	3,040	54	46	41	37	3111	3097	3,085	3,077
400V	868	870	872	878	518	494	471	445	1386	1364	1,343	1,323
	<u>4180</u>	<u>4,160</u>	<u>4,155</u>	<u>4,157</u>	<u>572</u>	<u>540</u>	<u>512</u>	<u>482</u>	<u>4742</u>	<u>4,700</u>	<u>4,667</u>	<u>4,639</u>

d. Transformer Capacity (kVA)	166,134	161,045	156,089	152,479
e. Maximum Demand (kW)	52,000	53,580	50,680	48,217
f. Total Electricity supplied by System	255,907,919	252,450,000	254,673,000	251,432,000
g. Total Electricity conveyed by System for other persons (kWh)	255,907,919	89,919,619	24,807,000	10,978,000
Retailer 1	217,251,944	61,678,000		
Retailer 2	51,074	20,968,619		
Retailer 3	22,453,125	7,273,000		
Retailer 4	2,070,998			
Retailer 5	1,778,818			
Retailer 6	12,301,960			
h. Total Customers (average for year)	25,700	24,779	24,980	24,337

TOP ENERGY LIMITED

**Performance Measures and Statistics
For the Year Ended 31 March 2000**

Regulation 22

Reliability Performance Measures

i. Total number of interruptions and breakdowns by interruption class

Class Type of Interruption	5 Yr Target		2000	1999	1998	1997
	Average	2001				
A Planned - Transpower			2	0	0	1
B Planned - Top Energy	350	320	295	278	363	356
C Unplanned - Top Energy	160	220	192	250	133	210
D Unplanned - Transpower			0	7	0	2
E Unplanned - Embedded Generation			0	0	0	0
F Unplanned - Other Generation			0	0	0	0
G Unplanned - Another Line owner			0	0	0	0
H Planned - Another Line owner			0	0	0	0
I Any other interruption			0	0	0	0
Total - All interruptions			489	535	496	569

Class C Interruptions not restored:

- a Within 3 hours
- b Within 24 hours

%
10%
0%

ii. Number of faults per 100 circuit kms

Line Voltage	Total				Underground				Overhead			
	2000	1999	1998	1997	2000	1999	1998	1997	2000	1999	1998	1997
100kV												
66kV												
33kV	3.67	4.18 *	4.18 *	2.93	0	0	0	0	3.67	4.18 *	4.18 *	2.93
11kV	5.86	7.75 *	3.99 *	4.52	1.86	0	0	0	5.93	7.87 *	4.04 *	4.57
6.6kV												
3.3kV												
Total	5.7	7.49 *	4.00	4.40	1.86	0	0	0	5.77	7.6 *	4.05	4.45

Target Faults:	5 Yr Target		5 Yr Target		5 Yr Target	
	Average	2001	Average	2001	Average	2001
33kV	3.0	3.0	0	0	3.0	3.0
11kV	4.3	4.5	0	0	4.4	4.5
Total	4.0	4.4	0	0	4.1	4.4

iii. Breakdown of statistics by interruption class

Class Type of Interruption	SAIDI (Minutes)				SAIFI (Interruptions)				CADI (Minutes)			
	2000	1999	1998	1997	2000	1999	1998	1997	2000	1999	1998	1997
A Planned - Transpower	35	0	0	45	0.2	0.0	0.0	0.3	217	0.0	0.0	167.0
B Planned - Top Energy	185	163	189	179	1.3	1.4	2.2	5.4	138	121.0	86.0	33.0
C Unplanned - Top Energy	275	574	243	412	5.4	8.4	3.6	8.0	51	69.0	68.0	52.0
D Unplanned - Transpower	0	391	0	75	0	6.0	0.0	1.6	0	66.0	0.0	45.0
E Unplanned - Embedded Generation	0	0	0	0	0	0.0	0.0	0.0	0	0.0	0.0	0.0
F Unplanned - Other Generation	0	0	0	0	0	0.0	0.0	0.0	0	0.0	0.0	0.0
G Unplanned - Another Line owner	0	0	0	0	0	0.0	0.0	0.0	0	0.0	0.0	0.0
H Planned - Another Line owner	0	0	0	0	0	0.0	0.0	0.0	0	0.0	0.0	0.0
I Any other interruption	0	0	0	0	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Total - All interruptions	495	1128	432	711	6.9	15.8	5.8	15.3	72.0	72.0	74.0	46.0

Targets:	5 Yr Target		5 Yr Target		5 Yr Target	
	Average	2001	Average	2001	Average	2001
B Planned - Top Energy	175	180	3.5	1.5	50	120
C Unplanned - Top Energy	385	400	7.0	7.0	55	55

* Denotes a revised comparative



PricewaterhouseCoopers
23-29 Albert Street
Private Bag 92162
Auckland, New Zealand
DX CP24073
Telephone +64 9 355 8000
Facsimile +64 9 355 8001

Audit office opinion on the performance measures of Top Energy Limited

We have examined the attached information, being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulations 16A; and
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Top Energy Limited and dated 31 March 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, 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 'Peter Scott'.

Peter Scott
PricewaterhouseCoopers
On behalf of the Controller and Auditor-General
Auckland, New Zealand

1 August 2000



PricewaterhouseCoopers
23-29 Albert Street
Private Bag 92162
Auckland, New Zealand
DX CP24073
Telephone +64 9 355 8000
Facsimile +64 9 355 8001

Report of the Audit Office

To the readers of the special purpose financial statements of Top Energy Limited for the year ended 31 March 2000

We have audited the accompanying financial statements of Top Energy Limited. The financial statements provide information about the past financial performance of Top Energy Limited and its financial position as at 31 March 2000. 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 Top Energy Limited as at 31 March 2000, and the results of operations and cash flows for the year then ended.

Auditors' responsibilities

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

The Controller and Auditor-General has appointed Peter Scott of PricewaterhouseCoopers 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. 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 Top Energy Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain 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 on behalf of the Controller and Auditor-General, we have no relationship with or interests in Top Energy Limited except that we have audited the financial statements prepared under the Financial Reporting Act 1993.

Fundamental Uncertainty

In forming our qualified opinion, we have considered the adequacy of disclosures made in the financial report concerning the collectibility of the Inter-business Account.

This account represent funds advanced to other “businesses” within the company, including the business investing in subsidiary companies of the Group. These subsidiaries include Ngawha Construction Limited.

Ngawha Construction Limited owns and operates the Ngawha Geothermal Power Station. An exemption application sought from the Commerce Commission under the Electricity Industry Reform Act 1998, to allow ownership of the above company to be retained by Top Energy Limited has been denied and the Company has sought Judicial Review by the High Court of that decision. At the time of approving these financial statements the probable outcome of the review can not be reliably assessed. Should the Commission’s decision be confirmed Top Energy Limited will be required to dispose of its investment in Ngawha Construction Limited. This disposal could result in the Lines Business “forgiving” part of the debt of \$10,919,517.

Details of the circumstances relating to this fundamental uncertainty are described in note 12.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Top Energy Limited as far as appears from our examination of those records; and
- the financial statements attached
 - (a) comply with generally accepted accounting practice; and
 - (b) give a true and fair view of the financial position of Top Energy Limited as at 31 March 2000 and the results of its operations and cashflows for the year then ended; and
- comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on *11 August 2000*, and our opinion is expressed as at that date.

Peter Scott
PricewaterhouseCoopers
On behalf of the Controller and Auditor-General
Auckland, New Zealand