



# New Zealand Gazette

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## ELECTRICITY ASHBURTON LIMITED

### INFORMATION FOR DISCLOSURE

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

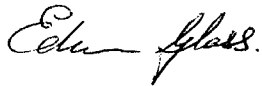
**Certification of Valuation Report of Line Owners**

We, Edwin Glass and Mervyn Gray, Directors of Electricity Ashburton Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached valuation report of Electricity Ashburton Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- (b) The replacement cost of the line business system fixed assets of Electricity Ashburton Limited is \$113,528,641 ; and
- (c) The depreciated replacement cost of the line business system fixed assets of Electricity Ashburton Limited is \$70,164,861 ; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Electricity Ashburton Limited is \$68,669,939 ; and
- (e) The optimised deprival valuation of the line business system fixed assets of Electricity Ashburton Limited is \$68,663,315 ; and
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.

Dated this 22nd day of August 2001



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

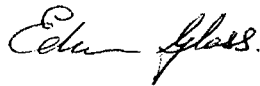
**Certification of Financial Statements, Performance Measures,  
And Statistics Disclosed by Line Owners other than Transpower**

We, Edwin Glass and Mervyn Gray, Directors of Electricity Ashburton Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached audited financial statements of Electricity Ashburton 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 Electricity Ashburton Limited, and having been prepared for the purposes of Regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based as at 31 March 2001.

Dated this 22nd day of August 2001



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2001**

	Note	2001 \$	2000 \$
<b>REVENUE</b>	<b>2</b>		
Line Charges		14,890,513	13,263,273
Other		<u>371,587</u>	<u>493,435</u>
		15,262,100	13,756,708
<b>OPERATING EXPENDITURE</b>	<b>3</b>		
Line Charges		4,432,674	3,954,322
Other		<u>5,649,046</u>	<u>5,825,985</u>
		10,081,720	9,780,307
<b>OPERATING SURPLUS before Deferred Discount</b>		5,180,380	3,976,401
Customer Deferred Discount	7	<u>3,094,971</u>	<u>1,600,000</u>
<b>OPERATING SURPLUS before Taxation</b>		2,085,409	2,376,401
Taxation	6	<u>1,413,908</u>	<u>1,198,978</u>
		671,501	1,177,423

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
STATEMENT OF MOVEMENT IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2001**

<b>EQUITY AT START OF YEAR</b>		59,435,129	56,905,983
Operating Surplus after Taxation		671,501	1,177,423
Prior Year Adjustment Deferred Taxation		(43,652)	0
Distribution System Revaluation	18	<u>3,497,613</u>	<u>(4,931,577)</u>
Total Recognised Revenue and Expenses for the Period		4,125,462	(3,754,154)
<b>Other Movements</b>			
Special Dividend		0	(1,116,700)
Prior Year Adjustment - Shareholding	8	3,910,527	0
Shares Issued		36,900	0
Contribution from Owners (reinvestment of energy business sale proceeds)		<u>0</u>	<u>7,400,000</u>
		67,508,018	59,435,129

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 2001**

	Note	2001 \$	2000 \$
<b>SHAREHOLDERS' FUNDS</b>			
Deferred Shares		28,750,000	25,956,173
Rebate Shares		1,250,000	0
Non Allocated Shares		(96,400)	0
Reserves		34,117,182	30,663,221
Retained Earnings		<u>3,487,236</u>	<u>2,815,735</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>8</b>	<b>67,508,018</b>	<b>59,435,129</b>
<b>Represented By:</b>			
<b>CURRENT ASSETS</b>			
Bank		1,621,798	870,963
Inventory		1,744,461	1,225,507
Receivables and Prepayments		1,833,601	1,814,763
Tax Refund Due		<u>0</u>	<u>42,760</u>
<b>Total Current Assets</b>	<b>9</b>	<b>5,199,860</b>	<b>3,953,993</b>
<b>CURRENT LIABILITIES</b>			
Provision for Taxation		211,179	0
Creditors		4,766,568	3,160,000
Provision for Dividend		<u>0</u>	<u>1,116,700</u>
<b>Total Current Liabilities</b>	<b>10</b>	<b>4,977,747</b>	<b>4,276,700</b>
<b>NET CURRENT ASSETS</b>		<b>222,113</b>	<b>(322,707)</b>
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
Ashburton Aquatic Park Trust Loan	<b>12</b>	300,000	0
<b>Fixed Assets</b>			
<b>11</b>			
Distribution System		66,798,447	61,829,582
Land & Buildings		2,368,425	2,339,759
Motor Vehicles		108,503	161,251
Plant, Furniture & Equipment		682,543	793,031
Work in Progress		<u>3,364,307</u>	<u>99,827</u>
<b>Total Non Current Assets</b>		<b>73,622,225</b>	<b>65,223,450</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred Taxation	<b>6</b>	6,336,320	5,458,289
Industry Loan	<b>12</b>	<u>0</u>	<u>7,325</u>
<b>Total Non Current Liabilities</b>		<b>6,336,320</b>	<b>5,465,614</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>67,508,018</u></b>	<b><u>59,435,129</u></b>

*Eden Glass*

*R. McGray*

For and on behalf of the Board

Date: 22 August 2001

DIRECTOR

DIRECTOR

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2001**

	Note	2001 \$	2000 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Receipts from Customers		<u>15,245,355</u>	<u>12,699,464</u>
		15,245,355	12,699,464
<b>Cash was Disbursed for:</b>			
Payment to Suppliers & Employees		(9,501,053)	(9,420,997)
Interest Paid		0	(11,920)
Net G S T Movement		167,704	(157,098)
Taxation Expense		<u>(325,590)</u>	<u>(302,000)</u>
		(9,658,939)	(9,892,015)
<b>Net Cash Flows from Operating Activities</b>	<b>17</b>	<b>5,586,416</b>	<b>2,807,449</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Sale of Fixed Assets		<u>26,434</u>	<u>2,776</u>
		26,434	2,776
<b>Cash was Applied to:</b>			
Loan Ashburton Aquatic Park Trust		(300,000)	0
Distribution System Improvements		(7,172,067)	(7,524,772)
Other Fixed Asset Additions		<u>(213,350)</u>	<u>(142,907)</u>
		(7,685,417)	(7,667,679)
<b>Net Cash Flows Used in Investing Activities</b>		<b>(7,658,983)</b>	<b>(7,664,903)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Contribution from Owners		3,947,427	7,400,000
Loan Received		<u>0</u>	<u>0</u>
		3,947,427	7,400,000
<b>Cash was Applied to:</b>			
Industry & Loan Repayments		(7,325)	(2,267,198)
Dividend		<u>(1,116,700)</u>	<u>0</u>
		(1,124,025)	(2,267,198)
<b>Net Cash Flows From Financing Activities</b>		<b>2,823,402</b>	<b>5,132,802</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>			
		<b>750,835</b>	<b>275,348</b>
Opening Cash Brought Forward		<u>870,963</u>	<u>595,615</u>
Ending Cash Carried Forward		<b>\$1,621,798</b>	<b>\$870,963</b>
<b>REPRESENTED BY:</b>			
BankAccount		<b>\$1,621,798</b>	<b>\$870,963</b>

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2001****1 STATEMENT OF ACCOUNTING POLICIES****Statutory Base**

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

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 from the financial statements of Electricity Ashburton Limited as at 31 March 2001.

**Measurement Base**

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

**Accounting Policies****a) Revenue**

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

**b) Transmission Charges**

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

**c) Depreciation**

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

## Fixed Assets:

Distribution Network	1.4 % to 6.7% straight line
Buildings	
- concrete	1% straight line
- brick	2% straight line
- wooden	2.5% straight line
Motor Vehicles	14.4% to 31.2 % diminishing value
Plant & Equipment	7.5% to 60.0% diminishing value

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

**d) Income Taxation**

The income taxation expense charged against the operating surplus for the year is the estimated liability in respect of that operating surplus and is calculated after allowance for permanent differences. Deferred Taxation is calculated on the comprehensive basis using the liability method (see Note 6). Future tax benefits attributable to tax losses or timing differences are only realised when there is virtual certainty of realisation.

**e) Valuation of Assets**

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

All distribution system assets were revalued on an Optimised Deprival Value (ODV) basis by PriceWaterhouseCoopers as at 31 March 2001. All additions to the distribution network are recorded at cost. Distribution system assets will be revalued at least once every three years.

**f) Accounts Receivable**

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

**g) Inventories**

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

**h) Goods and Services Tax (GST)**

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

**i) Allocation Methodologies**

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

**Changes in Accounting Policies**

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



	2001 \$	2000 \$
<b>2 REVENUE</b>		
a) Revenue from line / access charges;		
(i) Revenue invoiced to customers by electricity retailer	14,114,770	13,011,293
(ii) Revenue invoiced to customers by line owner	0	0
b) Revenue for services carried out by the line business	0	0
c) Income from interest on cash, bank balance and short term investments	0	0
d) AC loss - rental rebates	775,743	251,980
e) Other Revenue not listed in (a to d)	371,587	493,435
f) Total Operating Revenue	<u>15,262,100</u>	<u>13,756,708</u>
<b>3 OPERATING EXPENDITURE</b>		
a) Transmission Charges	4,432,674	3,954,322
b) Transfer Payments to "Other" Business		
i) Asset Maintenance	670,489	1,117,141
ii) Consumer Disconnection and Reconnections Services	0	0
iii) Meter Data	0	0
iv) Consumer - based load control Services	27,250	22,361
v) Royalty and Patent expense	0	0
vi) Avoided transmission charges for own generation	0	0
vii) Other Goods and Services not listed in (i to vi)	0	0
viii) Total transfer payment to the "Other" Business	<u>697,739</u>	<u>1,139,502</u>
c) Expense to entities that are not related parties for -		
i) Asset Maintenance	116,783	51,205
ii) Consumer Disconnection and Reconnections Services	0	0
iii) Meter Data	0	0
iv) Consumer - based load control Services	7,648	13,553
v) Royalty and Patent expense	0	0
vi) Total of specified expenses to non-related parties	<u>124,431</u>	<u>64,758</u>
d) Employee Salaries and Redundancies	1,294,078	1,247,540
e) Consumer billing and information system expense	0	0
f) Depreciation on-		
i) System fixed assets	2,399,179	2,367,932
ii) Other system assets not listed in (i)	358,642	410,842
iii) Total Depreciation	<u>2,757,821</u>	<u>2,778,774</u>
g) Amortised of-		
i) Goodwill	0	0
ii) Other Tangibles	0	0
iii) Total amortisation of Intangibles	<u>0</u>	<u>0</u>
h) Corporate and Administration	233,062	81,673
i) Human Resource expenses	17,374	17,974
j) Marketing and advertising	15,962	16,579
k) Merger and acquisition expenses	0	0
l) Takeover defence expense	0	0
m) Research and development expenses	0	0

	2001 \$	2000 \$
n) Consultancy and legal expenses	89,314	39,932
o) Donations	0	0
p) Directors fees	156,652	198,690
q) Auditors fees-		
i) Audit fees paid to principal auditors	35,037	27,410
ii) Audit fees paid to other auditors:	3,300	0
iii) Fees paid for other services provided by principal and other auditors	<u>0</u>	<u>0</u>
iv) Total auditors fees	38,337	27,410
r) Cost 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 rate expense	9,670	9,712
t) AC loss - rental rebates (distribution to retailers) expense	0	0
u) Rebates to customers due to ownership interest	3,094,971	1,600,000
v) Subvention payments	0	0
w) Unusual expenses	0	0
x) Other expenditure not listed in (a to w)	<u>214,606</u>	<u>191,521</u>
<b>Total Operating Expenditure</b>	<b>13,176,691</b>	<b>11,368,387</b>
<b>Operating surplus before interest and income tax</b>	<b>2,085,409</b>	<b>2,388,321</b>
<b>Interest Expense</b>		
a) Interest expense on borrowings	0	11,920
b) financing charges related to finance lease	0	0
c) other interest expense not listed in (a to b)	0	0
d) Total interest expense	<u>0</u>	<u>0</u>
	0	11,920
Income Tax	1,413,908	1,198,978
<b>Net Surplus after tax</b>	<b><u>671,501</u></b>	<b><u>1,177,423</u></b>

#### 4 DISTRIBUTION SYSTEM MAINTENANCE AND OPERATION

A credit of \$325,000 for capitalised salaries has been credited against Distribution System Maintenance and Operation, whereas in 2000 the credit was to Other.

#### 5 AUDITORS FEES

This includes \$30,200 of final fees from Audit NZ. The company appointed Gabites Sinclair & Partners as auditors during the financial year being reported.

<b>6</b>	<b>TAXATION</b>	<b>2001</b>	<b>2000</b>
		<b>\$</b>	<b>\$</b>
	Net Surplus before Taxation	<u>2,085,409</u>	<u>2,376,401</u>
	Prima facie taxation at 33%	688,185	784,212
	Prior year adjustment	0	(295,000)
	Deferred Tax Adjustment	0	(12,062)
	Less Tax effect on permanent differences	725,723	721,828
	Less Tax effect of timing differences not Recognised	<u>0</u>	<u>0</u>
	Total Taxation Expense	<u><u>1,413,908</u></u>	<u><u>1,198,978</u></u>
	The Taxation charge comprises:		
	Current Taxation	579,529	479,338
	Prior Year Adjustment	0	(12,062)
	Deferred Taxation	<u>834,379</u>	<u>731,702</u>
		<u><u>1,413,908</u></u>	<u><u>1,198,978</u></u>
	Deferred Taxation Liability:		
	Opening Balance	5,458,289	4,738,649
	Current Year Movement	834,379	731,702
	Prior Year Adjustment	<u>43,652</u>	<u>(12,062)</u>
		<u><u>6,336,320</u></u>	<u><u>5,458,289</u></u>

## **7** CUSTOMER DEFERRED DISCOUNT AND DIVIDEND

Calculations for deferred discounts paid to each customer were based on their individual line charges calculated for the financial year.

There has been no dividend declared this year.

## **8** EQUITY

<b>a) Shareholders' equity-</b>		
<b>i) Share capital</b>	29,903,600	25,956,173
<b>ii) Retained earnings</b>	3,487,236	2,815,735
<b>iii) Reserves</b>	<u>34,117,182</u>	<u>30,663,221</u>
<b>iv) Total shareholders' equity</b>	67,508,018	59,435,129
<b>b) Minority interests in subsidiaries</b>	<u>0</u>	<u>0</u>
<b>c) Total equity</b>	67,508,018	59,435,129
<b>d) Capital notes</b>	<u>0</u>	<u>0</u>
<b>e) Total capital funds</b>	67,508,018	59,435,129

There are 28,750,000 deferred shares held by the Ashburton District Council and these have the following conditions attached to them.

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

The Share capital of \$29,903,600 is the total shareholding in Electricity Ashburton Limited.

9	<b>CURRENT ASSETS</b>	<b>2001</b>	<b>2000</b>
		\$	\$
	a)Cash and bank balances	1,621,798	870,963
	b)Short term investments	0	0
	c)Inventories	1,744,461	1,225,507
	d)Accounts receivable	1,833,601	1,814,763
	e)Other current assets not listed in (a to d)	<u>0</u>	<u>42,760</u>
	f)Total Current Assets	5,199,860	3,953,993

\* Included in the trade debtors total is an amount of \$50,000 being the residual debt owing for 50,000 shares in RDR Management Limited to be transferred to the Ashburton Community Water Trust.

10	<b>CURRENT LIABILITIES</b>		
	a)Bank overdraft	0	0
	b)Short term borrowings	0	0
	c)Payables and accruals	4,766,568	3,160,000
	d)Provision for dividend payable	0	1,116,700
	e)Provision for income tax	211,179	0
	f)Other current liabilities not listed in (a to e)	<u>0</u>	<u>0</u>
	g)Total Current Liabilities	4,977,747	4,276,700

<b>NON CURRENT LIABILITIES</b>			
	a)Payroll and accruals	0	0
	b)Borrowings	0	0
	c)Deferred tax	6,336,320	5,458,289
	d)Other non current liabilities not listed in (a to c)	<u>0</u>	<u>7,325</u>
	e)Total Non Current Liabilities	6,336,320	5,465,614

11	<b>FIXED ASSETS</b>	<b>2001</b> \$	<b>2000</b> \$
	a) System fixed assets	66,798,447	61,698,608
	b) Centralised load control equipment	132,033	130,974
	c) Consumer billing and information system assets	337,488	417,041
	d) Motor Vehicles	108,503	161,251
	e) Office Equipment	213,022	375,990
	f) Land & Buildings	2,368,425	2,339,759
	g) Capital works under construction:		
	(i) Subtransmission assets (transfer payment)	0	0
	(ii) Zone substations (transfer payments)	50,637	0
	(iii) Distribution lines and cables (transfer payments)	3,296,791	91,390
	(iv) Medium voltage switchgear (transfer payments)	0	0
	(v) Distribution transformers	11,476	0
	(vi) Distribution substations (transfer payments)	5,403	8,437
	(vii) Low voltage lines and cables (transfer payments)	0	0
	(viii) Other system fixed assets (transfer payments) as categorised in standard asset tables in the ODV Handbook:	0	0
	h) Other fixed assets not listed in (a to g)	<u>0</u>	<u>0</u>
	<b>i) Total Fixed Assets</b>	73,322,225	65,223,450
	j) Other tangible assets not listed above.	300,000	0
	 <b>Intangible Assets</b>		
	a) Goodwill	0	0
	b) Other intangible assets not listed in (a)	<u>0</u>	<u>0</u>
	c) Total Intangible Assets	0	0

**FIXED ASSETS DEPRECIATION**

Distribution System	66,798,447	61,829,582
Accumulated Depreciation	<u>0</u>	<u>0</u>
	66,798,447	61,829,582
Land & Buildings	2,779,230	2,707,473
Accumulated Depreciation	<u>410,805</u>	<u>367,714</u>
	2,368,425	2,339,759
Motor Vehicles	508,222	517,129
Accumulated Depreciation	<u>399,719</u>	<u>355,878</u>
	108,503	161,251
Plant, Furniture & Equipment	3,061,610	2,897,388
Accumulated Depreciation	<u>2,379,067</u>	<u>2,104,357</u>
	682,543	793,031
Work in Progress	3,364,307	99,827
<b>Total Non Current Assets</b>	<u>73,322,225</u>	<u>65,223,450</u>

The directors believe that rating valuation is a fair representation of the fair value of the company's land and buildings. The rating valuation of land and buildings at 1 September 2000 is \$2,887,000.

**12 FINANCIAL INSTRUMENTS**

Electricity Ashburton Limited estimates that in respect of the reported Financial Instruments being cash, bank deposits, account receivables, investments and industry loan reported in the financial statement:-

- (i) Fair value is equivalent to carrying an amount as stated in the statement of financial position.
- (ii) Concentration of credit risk is minimised in respect of:-
  - (a) Receivables: The company has exposure of credit risk by having six line customers. Credit risk with each of these customers is managed by a use of system agreement. The company performs credit evaluations where considered necessary.
  - (b) Bank deposits, by a specific policy of spreading investments between registered trading banks, Ashburton Permanent Building Society and the Loan & Building Society.
  - (c) Cash, by being held in minimal quantities.
- (iii) Industry loan of \$7,325 is now fully paid.
 

The company has a \$500,000 overdraft facility with Westpac Trust, which is secured by a negative pledge over assets. No loans have been uplifted during the financial year under report. During the year the entered into an agreement with Westpac Trust and Bank of New Zealand for loan facilities of \$3 million each for 2001/2 capital works.
- (iv) During the year a secured interest free loan of \$300,000 for a term of three years was placed with the Ashburton Aquatic Park Charitable Trust

**13 COMMITMENTS**

Estimated capital expenditure contracted for at balance date is \$1,384,875 (2000: \$20,000).

**14 CONTINGENT LIABILITIES**

As at 31 March 2001 there were no material contingent liabilities that are not included in these financial statements (2000: Nil).

**15 SEGMENT INFORMATION**

The predominant activity of Electricity Ashburton Limited is the distribution of electricity. All operations are conducted in New Zealand.

**16 RELATED PARTIES**

Electricity Ashburton Limited has a contracting division that provides services to the Lines Business. The services provided are for the maintenance of the network and capital construction of System Assets. The services are provided in an ongoing capacity. The standard charge for these services are:

Labour	\$22 to \$29 per hour
External Purchase	Charged at cost
Transport (light truck)	\$7.20 per hour
Transport (heavy truck)	\$18 to \$27 per hour

The contracting division of Electricity Ashburton Limited has provided the following services at cost, including overheads, for the period 1 April 2000 to 31 March 2001

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
Construction of distribution lines & cables	5,078,623	2,535,165
Construction of medium voltage switchgear	0	382,487
Construction of distribution transformers	83,902	757,858
Construction of distribution substations	484,354	3,328,144
Construction of low voltage lines and cables	279,952	209,738
Construction of other system fixed assets	670,489	1,117,141
Maintenance of assets	0	0
Consumer connections and reconnections	27,250	22,361
Other services		

No amounts have been forgiven or written off, and no amounts remain outstanding at the end of the period.

## 17 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reported Net profit after tax	671,501	177,423
Add Non Cash items:		
Movement in Deferred Taxation	878,031	719,640
Depreciation	<u>2,757,821</u>	<u>2,778,774</u>
	4,307,353	4,675,837
Add (less) Movements in Working Capital Items		
Decrease (Increase) in Tax Receivable	42,760	177,338
Decrease (Increase) in Receivables	(18,838)	(1,189,399)
Decrease (Increase) in Inventories	(518,954)	(575,507)
(Decrease) Increase in Accounts Payable	1,606,568	(280,820)
(Decrease) Increase in Tax Payable	<u>211,179</u>	<u>0</u>
	1,322,715	(1,868,388)
Add (less) Items Classified as Investing Activities		
Prior Year Adjustment	(43,652)	0
Net Cash Flows from Operating Activities	<u><u>5,586,416</u></u>	<u><u>2,807,449</u></u>

## 18 ANNUAL ODV VALUATION RECONCILIATION

Opening Book Value	61,829,582	61,604,319
Additions - Less Disposals	3,870,431	7,524,772
Depreciation	(2,399,179)	(2,367,932)
Revaluation (31.03.01)	<u>3,497,613</u>	<u>(4,931,577)</u>
Closing Book Value	66,798,447	61,829,582

The ODV valuation amounting to \$68,663,315 includes a valuation for distribution system inventory amounting to \$1,864,868. In preparing these regulation financial statements inventory has been recorded at cost and not at the ODV valuation figure.

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	2,085,409							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	2,085,409							
Interest on cash, bank balances, and short-term investments (ISTI)	0							
OSBIT minus ISTI	2,085,409	a		2,085,409				2,085,409
Net surplus after tax from financial statements	671,501							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,397,224	n				1,397,224		
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add	0	add	0
Subvention payment	0	s	add	0	add	0	add	0
Depreciation of SFA at BV (x)	2,757,821							
Depreciation of SFA at ODV (y)	2,757,821							
ODV depreciation adjustment		d	add	0	add	0	add	0
Subvention payment tax adjustment		s't			deduct	0	deduct	0
Interest tax shield		q					deduct	0
Revaluations	3,497,613	r					add	3,497,613
Income tax	579,529	p					deduct	579,529
<b>Numerator</b>				2,085,409		1,397,224		5,003,493
				$OSBIT^{ADJ} = a + g + s + d$		$NSAT^{ADJ} = n + g + s - s't + d$		$OSBIT^{ADJ} = a + g + q + r + s + d - p - s't$
Fixed assets at end of previous financial year (FA <sub>0</sub> )	65,223,450							
Fixed assets at end of current financial year (FA <sub>1</sub> )	73,322,225							
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	-76,970							
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-1,188,506							
Average total funds employed (ATFE)	68,640,100 (or regulation 33 time-weighted average)	c		68,640,100				68,640,100
Total equity at end of previous financial year (TE <sub>0</sub> )	59,435,129							
Total equity at end of current financial year (TE <sub>1</sub> )	63,706,018							
Average total equity	63,706,203 (or regulation 33 time-weighted average)	k				63,706,203		
WUC at end of previous financial year (WUC <sub>0</sub> )	99,827							
WUC at end of current financial year (WUC <sub>1</sub> )	3,364,307							
Average total works under construction	1,732,067 (or regulation 33 time-weighted average)	e	deduct	1,732,067	deduct	1,732,067	deduct	1,732,067
Revaluations	3,497,613	r						
Half of revaluations	1,748,807	r/2					deduct	1,748,807
Intangible assets at end of previous financial year (IA <sub>0</sub> )								
Intangible assets at end of current financial year (IA <sub>1</sub> )								
Average total intangible asset	(or regulation 33 time-weighted average)	m			add	0		
Subvention payment at end of previous financial year (S <sub>0</sub> )								
Subvention payment at end of current financial year (S <sub>1</sub> )								
Subvention payment tax adjustment at end of previous financial year								
Subvention payment tax adjustment at end of current financial year								
Average subvention payment & related tax adjustment		v			add	0		
System fixed assets at end of previous financial year at book value (SFA <sub>bv,0</sub> )	61,829,582							
System fixed assets at end of current financial year at book value (SFA <sub>bv,1</sub> )	66,798,447							
Average value of system fixed assets at book value	64,314,015 (or regulation 33 time-weighted average)	f	deduct	64,314,015	deduct	64,314,015	deduct	64,314,015
System Fixed assets at year beginning at ODV value (SFA <sub>odv,0</sub> )	61,829,582							
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,1</sub> )	66,798,447							
Average value of system fixed assets at ODV value	64,314,015 (or regulation 33 time-weighted average)	h	add	64,314,015	add	64,314,015	add	64,314,015
<b>Denominator</b>				66,908,033		61,974,136		65,159,226
				$ATFE^{ADJ} = c - e - f + h$		$Ave TE^{ADJ} = k - e - m + v - f + h$		$ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
<b>Financial Performance Measure:</b>				3.1		2.3		7.7

t = maximum statutory income tax rate applying to corporate entities    bv = book value    ave = average    odv = optimised deprival valuation    subscript '0' = end of the previous financial year  
 subscript '1' = end of the current financial year    ROF = return on funds    ROE = return on equity    ROI = return on investment



**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
PERFORMANCE MEASURES  
FOR THE YEAR ENDED 31 MARCH**

**FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES**

	2001	2000	1999	1998
<b>1. Financial Performance Measures</b>				
(a) Return on funds	3.1%	3.7%	1.1%	2.7%
(b) Return on equity	2.3%	2.0%	(0.9%)	1.3%
(c) Return on investment	7.7%	(5.6%)	(0.7%)	33.5%
<b>2. Efficiency Performance Measures</b>				
(a) Direct line costs per kilometre	846	1,015	1,034	1,241
(b) Indirect line costs per electricity customer	52	40	91	48

**ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS**

<b>1. Energy Delivery Efficiency Performance Measures:</b>				
(a) Load factor	57.49%	53.30%	58.79%	56.80%
(b) Loss ratio	6.55%	7.58%	5.80%	7.27%
(c) Capacity utilisation	27.30%	26.10%	27.08%	28.77%
<b>2. Statistics</b>				
(a) Circuit Length (Total kms)				
66 kV	31	16	0	0
33 kV	246	252	282	297
22 kV	288	226	140	79
11 kV	1,637	1,668	1,718	1,748
230/400 V	318	269	227	217
	-----	-----	-----	-----
Total	2,520	2,431	2,367	2,341
(b) Circuit Length - Overhead (kms)				
66 kV	30	15	0	0
33 kV	240	248	279	294
22 kV	286	225	139	79
11 kV	1,560	1,602	1,657	1,688
230/400 V	147	135	122	121
	-----	-----	-----	-----
Total Overhead	2,263	2,225	2,197	2,182

	2001	2000	1999	1998
<b>(c) Circuit Length - Underground (kms)</b>				
66 kV	1	1	0	0
33 kV	6	4	3	3
22 kV	2	1	1	0
11 kV	77	66	61	60
230/400 V	171	134	105	96
	-----	-----	-----	-----
Total Underground	257	206	170	159
<b>(d) Transformer Capacity (kVA)</b>	253,786	239,168	235,052	221,503
<b>(e) Maximum Demand (kW)</b>	69,288	62,433	63,644	63,719
<b>(f) Total electricity supplied (kWh)</b>	326,075,045	270,157,621	308,741,463	294,018,313
<b>(g) Electricity conveyed for each retailer including losses (kWh)</b>				
Electricity Ashburton	0	0	326,739,131	317,061,733
Retailer A	230,400,536	234,861,836	159,936	0
Retailer B	88,403,432	41,064,461	0	0
Retailer C	5,894,473	7,320,458	0	0
Retailer D	13,792,875	5,952,362	0	0
Retailer E	0	1,810,375	868,486	0
Retailer F	9,757,049	1,302,080	0	0
Retailer G	698,004	2,789	0	0
	-----	-----	-----	-----
Total	348,946,369	292,314,361	327,767,553	317,061,733
<b>(h) Total Customers</b>	14,285	13,843	13,564	13,365

## RELIABILITY PERFORMANCE MEASURES

### 1. Total number of interruptions

Class B - Planned by Line Owner	100	109	204	173
Class C - Unplanned by Line Owner	188	123	154	202
Class D - Unplanned by Transpower	0	4	0	0
Class G - Unplanned by Others	0	2	0	0
	-----	-----	-----	-----
Total	288	238	358	375

### 2. Interruption targets for (next year)

Class B - Planned by Line Owner	150
Class C - Unplanned by Line Owner	141

### 3. Average interruption targets (5 years)

Class B - Planned by Line Owner	150
Class C - Unplanned by Line Owner	141

	2001	2000	1999	1998
<b>4. Fault Restoration Times (Class C) interruptions not restored within:</b>				
3 Hours	20.21%	4.88%	7.80%	
24 Hours	0%	0%	1.30%	
<b>5. Number of faults per 100 km of prescribed voltage line</b>				
(a) Total number of faults				
66 kV	6.5	6.3		
33 kV	1.2	3.2	3.9	2.4
22 kV	13.9	4.0	4.3	6.3
11 kV	8.7	6.3	8.0	10.4
Total	7.5	5.1	7.2	9.1
(b) Target for (next year)				
66 kV	9.7			
33 kV	1.6			
22 kV	9.7			
11 kV	6.5			
Total	5.6			
(c) Average Target (5 years)				
66 kV	9.7			
33 kV	1.6			
22 kV	9.7			
11kV	6.5			
Total	5.6			
<b>6. The total number of faults per 100km of prescribed voltage underground line</b>				
66 KV	0	0		
33 kV	0	0	0	0
22 kV	0	0	0	0
11kV	5.2	3.0	1.6	3.3
Total	1.6	1.0	1.5	3.2
<b>7. The total number of faults per 100km of prescribed voltage overhead line</b>				
66 kV	6.7	6.7		
33 kV	1.3	3.2	3.9	2.4
22 kV	14.0	4.0	4.3	6.3
11 kV	8.9	6.4	8.2	10.6
Total	8.1	5.4	7.4	9.3
<b>8. SAIDI for the total number of interruptions</b>				
	130.88	146.72	197.38	180.46
<b>9. SAIDI targets (next year)</b>				
Class B - Planned by Line Owner	48			
Class C - Unplanned by Line Owner	94			

	2001	2000	1999	1998
<b>10. Average SAIDI targets (5 years)</b>				
Class B - Planned by Line Owner	48			
Class C - Unplanned by Line Owner	94			
<b>11. SAIDI - Classification of interruptions</b>				
Class B - Planned by Line Owner	41.09	58.92	63.06	60.04
Class C - Unplanned by Line Owner	87.79	72.34	134.35	120.42
Class D - Unplanned by Transpower	0	15.28	0	0
Class G - Unplanned by Others	0	0.18	0	0
<b>12. SAIFI for the total number of interruptions</b>	1.21	1.81	2.45	1.66
<b>13. SAIFI targets (next year)</b>				
Class B - Planned by Line Owner	0.14			
Class C - Unplanned by Line Owner	1.36			
<b>14. Average SAIFI targets (5 years)</b>				
Class B - Planned by Line Owner	0.14			
Class C - Unplanned by Line Owner	1.36			
<b>15. SAIFI - Classification of interruptions</b>				
Class B - Planned by Line Owner	0.13	0.19	0.25	0.24
Class C - Unplanned by Line Owner	1.09	0.92	2.20	1.41
Class D - Unplanned by Transpower	0	0.71	0	0
Class G - Unplanned by Others	0	0	0	0
<b>16. CAIDI for the total number of interruptions</b>	108	81	80	109
<b>17. CAIDI targets for (next year)</b>				
Class B - Planned by Line Owner	347			
Class C - Unplanned by Line Owner	69			
<b>18. Average CAIDI target (5 years)</b>				
Class B - Planned by Line Owner	347			
Class C - Unplanned by Line Owner	69			
<b>19. CAIDI - Classification of Interruptions</b>				
Class B - Planned by Line Owner	317	317	248	246
Class C - Unplanned by Line Owner	83	79	61	85
Class D - Unplanned by Transpower	0	22	0	0
Class G - Unplanned by Others	0	125	0	0



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### **CERTIFICATION BY AUDITOR IN RELATION TO VALUATION**

We have examined the valuation report of Electricity Ashburton Limited and dated 13 August 2001, which report contains valuations of system fixed assets as at 31 March 2001.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$68,663,315, have been made in accordance with the ODV Handbook.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers", underlined with a single horizontal line.

PricewaterhouseCoopers  
Chartered Accountants  
Auckland  
13 August 2001

## **Gabites, Sinclair & Partners**

Chartered Accountants & Business Advisers

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ASHBURTON, N.Z.

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### **AUDITORS REPORT**

To the readers of the financial statements of the Electricity Ashburton Limited.

We have audited the accompanying financial statements of Electricity Ashburton Limited on pages three to fourteen. The financial statements provide information about the past financial performance of Electricity Ashburton Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages six and seven.

#### **Directors' Responsibilities**

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Electricity Ashburton Limited as at 31 March 2001, and results of operations and cash flows for the year ended 31 March 2001.

#### **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 judgments made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the company'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 your opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm and the partners and employees of our firm, deal with the company on normal terms within the ordinary course of the business of the company. As part of these trading activities our firm and the partners and the employees are obliged to hold shares in the company. Our firm and the partners and employees have no other interests in the company.

#### **Unqualified Opinion**

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

In our opinion:-

- proper accounting records have been maintained by Electricity Ashburton Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Ashburton Limited on pages three to fourteen:-
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of the Company as at 31 March 2001 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 22 August 2001 and our opinion is expressed as at that date.

*Gabites Sinclair & Partners*  
**GABITES, SINCLAIR & PARTNERS**  
**ASHBURTON**

PARTNERS: D. Neil Sinclair B.Com., F.C.A., A.C.C.M.  
Alistair J. Rooney C.A.  
Philip S. Quaid C.A.



Eric T. Parr B.Com., C.A.  
Ross S. Gibson B.Com., C.A.

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**AUDITOR'S OPINION OF PERFORMANCE MEASURES**

We have examined the attached information, being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 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 Electricity Ashburton Limited and dated 22 August 2001 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.

*Gabites Sinclair & Partners*

**GABITES, SINCLAIR & PARTNERS**  
**ASHBURTON**

22 August 2001

PARTNERS: D. Neil Sinclair B.Com., F.C.A., A.C.C.M.  
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