



New Zealand Gazette

OF THURSDAY, 20 SEPTEMBER 2001

WELLINGTON: TUESDAY, 25 SEPTEMBER 2001 — ISSUE NO. 131

CENTRALINES LIMITED

INFORMATION FOR DISCLOSURE

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



STATUTORY DECLARATION

**IN RESPECT OF STATEMENTS AND INFORMATION
SUPPLIED TO THE
MINISTRY OF ECONOMIC DEVELOPMENT**

I, Michael Kenneth Luoni, of 64 Porangahau Road, Waipukurau being a Director of Centralines Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999

AND

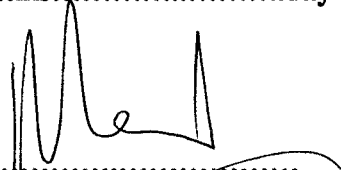
I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.



.....

M Luoni

Declared at *Waipukurau* this *18th* day of *September* 2001



.....

~~Justice of the Peace~~ (or Solicitor or
Other person Authorised to take a
Statutory Declaration)



CENTRALINES LIMITED

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 Phone: (06) 858-7770 • Fax: (06) 858-6601
<http://www.centralines.co.nz>
 Email: centralines@centralines.co.nz

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

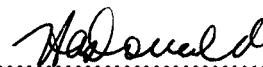
We, **MICHAEL KENNETH LUONI AND HAMISH ARTHUR DONALD**, Directors of **CENTRALINES LIMITED**, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached audited financial statements of **CENTRALINES 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 **CENTRALINES 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 2001.



M K LUONI



H A DONALD



DATED



DATED



Audit New Zealand

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF CENTRALINES LIMITED FOR THE YEAR ENDED 31 MARCH 2001

We have audited the financial statements of Centralines Limited on pages 1 to 6 and 9 to 15. The financial statements provide information about the past financial performance of Centralines Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages 5 to 6.

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 Centralines Limited as at 31 March 2001, and results of operations and cash flows for the year then ended.

Auditor's responsibilities

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

The Controller and Auditor-General has appointed V F Sears, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. 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 Centralines 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 give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Centralines Limited.

Unqualified opinion

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

In our opinion:

- ▲ proper accounting records have been kept by Centralines Limited as far as appears from our examination of those records *and*
- ▲ the financial statements on pages 1 to 6 and 9 to 15.
 - comply with generally accepted accounting practice *and*
 - give a true and fair view of the financial position of Centralines Limited as at 31 March 2001 and the results of its operations and cash flows for the year ended on that date; *and*
 - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 19 September 2001 and our unqualified opinion is expressed as at that date.



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

CENTRALINES LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDED 31 MARCH

	Notes	2001 \$000	2000 \$000
Revenue	1	5,468	5,723
Expense	1	<u>(4,314)</u>	<u>(4,135)</u>
Total surplus/(deficit) before income tax		1,154	1,588
Income tax	2	<u>459</u>	<u>437</u>
Net surplus/(deficit) after income tax		<u>695</u>	<u>1,151</u>

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

CENTRALINES LIMITED - LINES BUSINESS
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEARS ENDED 31 MARCH

	Notes	2001 \$000	2000 \$000
EQUITY AT BEGINNING OF THE YEAR		32,949	31,181
Adjustment to equity	3	<u>0</u>	<u>667</u>
AMENDED EQUITY AT BEGINNING OF THE YEAR		32,949	31,848
SURPLUS AND REVALUATIONS			
Net surplus for the year		695	1,151
Revaluation of fixed assets	3	<u>0</u>	<u>0</u>
Total recognised revenues and expenses for the year		695	1,151
OTHER MOVEMENTS			
Distribution to owners	3	<u>(50)</u>	<u>(50)</u>
EQUITY AT THE END OF THE YEAR		<u><u>33,594</u></u>	<u><u>32,949</u></u>

An adjustment was also made through equity in 2000 to account for the movements using the avoidable cost methodology.

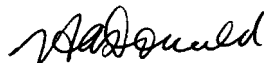
The accompanying notes and policies form an integral part of these statements

CENTRALINES LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH

	Notes	2001 \$000	2000 \$000
EQUITY			
Share capital		8,000	8,000
Retained earnings	3	2,924	2,279
Reserves	3	22,670	22,670
Shareholders' Equity		<u>33,594</u>	<u>32,949</u>
REPRESENTED BY:			
CURRENT ASSETS			
Cash and bank balances		877	930
Investments	6	3,500	232
Receivables and prepayments	4	892	1,099
Inventories	5	350	447
Total Current Assets		<u>5,619</u>	<u>2,708</u>
NON CURRENT ASSETS			
Deferred taxation	2	0	299
Investments	6	2,154	1,890
Fixed assets	8	29,058	28,590
Total Non-Current Assets		<u>31,212</u>	<u>30,779</u>
TOTAL ASSETS		<u>36,831</u>	<u>33,487</u>
CURRENT LIABILITIES			
Accounts payable	7	3,116	505
Employee entitlements		121	33
Total Current Liabilities		<u>3,237</u>	<u>538</u>
NON CURRENT LIABILITIES			
Employee entitlements		0	0
Total Non-Current Liabilities		<u>0</u>	<u>0</u>
TOTAL LIABILITIES		<u>3,237</u>	<u>538</u>
NET ASSETS		<u>33,594</u>	<u>32,949</u>

For and on behalf of the Board on 18 September 2001

DIRECTOR



DIRECTOR



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

CENTRALINES LIMITED - LINES BUSINESS
STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED 31 MARCH

	Notes	2001 \$000	2000 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers		8,302	4,658
Interest received		246	75
		<u>8,548</u>	<u>4,733</u>
<i>Cash was applied to:</i>			
Payments to employees and suppliers		3,424	4,147
GST paid		384	36
		<u>3,808</u>	<u>4,183</u>
Net cash inflows from operating activities	9	<u>4,740</u>	<u>550</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Sale of term assets		0	2,990
Proceeds from sale of fixed assets		41	667
		<u>41</u>	<u>3,657</u>
<i>Cash was applied to:</i>			
Purchase and construction of term assets		1,284	1,408
Purchase of investments		3,500	2,030
		<u>4,784</u>	<u>3,438</u>
Net cash inflows from investment activities		<u>(4,743)</u>	<u>219</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividends paid		50	50
Loan repayments		0	0
		<u>50</u>	<u>50</u>
Net cash outflows from financing activities		<u>(50)</u>	<u>(50)</u>
NET INCREASE / (DECREASE) IN CASH HELD		(53)	719
Opening Cash Brought Forward		930	211
CASH AT END OF THE YEAR		<u><u>877</u></u>	<u><u>930</u></u>
REPRESENTED BY:			
Cash and bank balances		<u>877</u>	<u>930</u>
		<u><u>877</u></u>	<u><u>930</u></u>

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

CENTRALINES LIMITED - LINES BUSINESS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2001

CENTRALINES Limited ("CENTRALINES") is a public company registered under the Companies Act 1993. These financial statements have been prepared for the purposes of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity(Information Disclosure) Amendment Regulations 2000. The financial statements comprise separate Statements of Financial Position, Financial Performance, Cash Flows and Movements in Equity for the Line and Other Businesses as required by the Regulations. These businesses operate in and around the Central Hawke's Bay area. The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Company, with the exception that certain fixed assets have been revalued.

Methodology and Separation of Businesses

CENTRALINES has generally followed the guidelines in the Electricity Information Disclosure Handbook issued by the Energy Markets Policy Group of the Ministry of Economic Development.

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.

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.

Operating Revenue

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

Income Tax

The income tax expense charged to the statement of financial performance is the estimated liability in respect of that profit and is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred tax.

The Company uses the liability method of accounting for deferred taxation. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation. Future tax benefits have been allocated to the Lines Business.

Receivables

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

Inventories

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

Employee Entitlements

Provision is made in respect of the Company's liability for annual, long-service and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay, whilst the other provisions have been calculated on an actuarial basis at current rates of pay.

STATEMENT OF ACCOUNTING POLICIES (Continued)**Fixed Assets**

All fixed assets are initially recorded at cost.

Distribution assets are stated a Optimised Deprival Value (ODV) as valued by KPMG on 31 March 1999, plus subsequent additions at cost.

Depreciation

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

Major depreciation periods are:

Buildings	- 50 - 100 years
Office furniture & fittings	- 5 to 15 years
Distribution system	- 40 years
Motor vehicles	- 5 years
Plant and equipment	- 5 years

Financial Instruments

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

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

Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

- (a) Operating activities include all transactions and other events that are not investing or financing activities.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments include securities not falling within the definition of cash.
- (c) Financing activities are those activities that result in changes in the size and composition of the capital structure. 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.
- (d) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Changes in Accounting Policies

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

CENTRALINES LIMITED - LINES BUSINESS
PERFORMANCE INDICATORS
FOR THE YEARS ENDED 31 MARCH

Regulation		2001	2000	1999	1998	1997
15	FINANCIAL PERFORMANCE MEASURES					
15 a	Return on Funds	2.82%	3.60%	-0.04%	3.72%	1.72%
15 b	Return on Equity	1.84%	2.40%	3.15%	3.75%	1.97%
15 c	Return on Investment	1.44%	2.10%	3.28%	14.13%	4.66%
15	EFFICIENCY PERFORMANCE INDICATORS					
15 a	Direct Line Costs per Kilometre	\$468	\$551	\$889	\$479	\$497
15 b	Indirect Line Costs per Customer	\$188	\$71	\$114	\$79	\$150
21.1	ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES					
21 a	Load Factor	63.00%	68.00%	65.00%	65.00%	61.00%
21 b	Loss Ratio	8.02%	8.50%	7.80%	9.70%	9.10%
21 c	Capacity Utilisation	29.00%	26.00%	27.00%	28.00%	29.00%
21.2	STATISTICS					
21 a	System Length (km)					
	33kV	91.0	91.0	91.0	91.0	91.0
	11kV	1435.0	1366.0	1364.0	1362.0	1356.0
	400V	<u>86.0</u>	<u>86.0</u>	<u>85.6</u>	<u>84.8</u>	<u>84.8</u>
	Total	1,612.0	1,543.0	1,540.6	1,537.8	1,531.8
21 b	Total Length of Overhead System (km)					
	33kV	90.0	90.0	90.0	90.0	90.0
	11kV	1,428.0	1,359.0	1,357.0	1,355.0	1,349.0
	400V	<u>67.8</u>	<u>66.6</u>	<u>66.6</u>	<u>66.6</u>	<u>66.9</u>
	Total	1,585.8	1,515.6	1,513.6	1,511.6	1,505.9
21 c	Total Length of Underground System (km)					
	33kV	0.5	0.5	0.5	0.5	0.5
	11kV	7.3	7.3	7.2	7.2	7.0
	400 V	<u>20.6</u>	<u>19.5</u>	<u>19.1</u>	<u>18.2</u>	<u>17.9</u>
	Total	28.4	27.3	26.8	25.9	25.4
21 d	Transformer Capacity (KVA)	69,837	64,635	63,993	63,178	61,785
21 e	Maximum Demand (KW)	20,286	17,000	17,000	17,420	17,973
21 f	Total Electricity Supplied from Systems (Sales) KWh	102,341,989	93,369,416	89,547,354	89,343,000	86,680,000
21 g	Electricity on behalf of other entities (includes losses)					
	Retailer 1	100,199,186	90,546,442	76,200,117	-	-
	Retailer 2	2,822,255	1,853,841	13,174,033	-	-
	Retailer 3	629,106	665,073	173,204	-	-
	Retailer 4	7,397,053	199,947			
	Retailer 5	117,873	104,114			
21 h	Total Customers (average for year)	7,432	7,454	7,432	7,769	7,745
22	Number of Faults per 100 circuit kilometre overhead					
7 & 5a	33kV	4.397	0.000	0.000	0.000	0.000
7 & 5a	11kV	<u>18.935</u>	<u>9.934</u>	<u>8.101</u>	<u>9.717</u>	<u>8.966</u>
7 & 5a	Total	23.332	9.934	8.101	9.717	8.966
	Number of Faults per 100 circuit kilometre underground					
6 & 5a	33kV	0.00	0.00	0.00	0.00	0.00
6 & 5a	11kV	0.00	0.00	0.00	0.00	0.00
6 & 5a	Total	0.00	0.00	0.00	0.00	0.00
4a	Percentage of Faults greater than or equal to 3 hours	10.7	na	na	na	na
4b	Percentage of Faults greater than or equal to 24 hours	0	na	na	na	na

CENTRALINES LIMITED - LINES BUSINESS
PERFORMANCE INDICATORS (contd.)
FOR THE YEARS ENDED 31 MARCH

Regulation
22

Total Interruptions 2001

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	60.00	77.00	301.00	0.00	0.00	0.00	0.00	438.00
12 & 15	SAIFI	1.00	0.39	6.06	0.00	0.00	0.00	0.00	7.45
16 & 19	CAIDI	60.00	197.00	50.00	0.00	0.00	0.00	0.00	58.79
1	INTERRUPTIONS	2.00	115.00	272.00	0.00	0.00	0.00	0.00	389.00

Regulation
22

Total Interruptions 2000

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	420.00	163.00	163.00	0.00	0.00	0.00	0.00	746.00
12 & 15	SAIFI	2.00	0.70	4.24	0.00	0.00	0.00	0.00	6.94
16 & 19	CAIDI	210.00	242.00	38.00	0.00	0.00	0.00	0.00	107.49
1	INTERRUPTIONS	2.00	140.00	144.00	0.00	0.00	0.00	0.00	286.00

Regulation
22

Total Interruptions 1999

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	240.00	65.00	188.00	0.00	0.00	0.00	0.00	493.00
12 & 15	SAIFI	1.00	0.55	2.18	0.00	0.00	0.00	0.00	3.73
16 & 19	CAIDI	240.00	116.00	86.00	0.00	0.00	0.00	0.00	132.17
1	INTERRUPTIONS	1.00	68.00	155.00	0.00	0.00	0.00	0.00	224.00

22

Total Interruptions 1998

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	0.00	16.00	85.00	75.00	0.00	0.00	0.00	176.00
12 & 15	SAIFI	0.00	0.11	0.80	1.00	0.00	0.00	0.00	1.91
16 & 19	CAIDI	0.00	144.00	106.00	75.00	0.00	0.00	0.00	92.15
1	INTERRUPTIONS	0.00	21.00	116.00	1.00	0.00	0.00	0.00	138.00

22

Total Interruptions 1997

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	240.00	36.00	124.00	0.00	0.00	0.00	0.00	400.00
12 & 15	SAIFI	1.00	0.17	1.36	0.00	0.00	0.00	0.00	2.53
16 & 19	CAIDI	240.00	208.00	91.00	0.00	0.00	0.00	0.00	158.10
1	INTERRUPTIONS	1.00	41.00	121.00	0.00	0.00	0.00	0.00	163.00

22

	CLASS	TARGET	AVERAGE	TARGET	AVERAGE
	YEAR	2002	2002-2006	2001	2001-2005
9a & 10a	SAIDI B	75	75	115	77
9b & 10b	SAIDI C	200	150	125	113
13a & 14b	SAIFI B	0.55	0.5	0.6	0.55
13b & 14b	SAIFI C	3.5	3.08	3.3	3.12
17a & 18a	CAIDI B	136	150	158	141
17b & 18b	CAIDI C	57	49	39	34
2a & 3a	No. of Interruptions B	100	80	115	77
2b & 3b	No. of Interruptions C	200	150	125	113
	No. of faults/100km 33Kv	4	2	4	4
5b-c	No. of faults/100km 11Kv	18.9	16	18	18
	Total faults/100km	23	18	22	22

CENTRALINES LIMITED - LINES BUSINESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MARCH

	2001	2000
	\$000	\$000
Note 1: (i) OPERATING REVENUE		
Network line rentals net of customer rebates	4,876	5,462
AC loss-rental rebates	314	158
Interest income	278	103
Dividend income	0	0
Total revenue	5,468	5,723
(ii) OPERATING EXPENSES		
Audit fees	32	36
Auditors fees for other services	0	0
Fees to other auditors	0	0
Bad debts written off	38	0
Depreciation	748	816
Directors remuneration & expenses	66	68
Donations	1	1
Loss/ (gain) on sale of assets	4	107
Consumer rebates	1,632	0
Cost of sales & operating expenses	1,793	3,107
	4,314	4,135
Note 2: Taxation Reconciliation		
Accounting net operating surplus before taxation	1,154	1,588
Taxation at 33%	381	524
Plus tax effect of:		
Timing differences	(230)	(329)
Permanent differences	310	242
Prior year adjustment	(2)	0
Income tax charge for the year	459	437
Income tax charge for the year comprises:		
Current taxation	160	0
Deferred taxation	299	437
	459	437
Deferred Tax Asset / (Liability):		
Opening balance	299	736
Prior period adjustment	0	0
Current year movement	(299)	(437)
Tax losses	0	0
Closing balance	0	299
Imputation Credit Account:		
Opening balance	299	324
Tax paid during the year	0	0
Credits attached to dividends received	0	0
Credits attached to dividends paid	(25)	(25)
Closing balance	274	299
Note 3: Retained Earnings & Reserves		
Retained Earnings		
Balance at beginning of the year	2,279	511
Net surplus for the year	695	1,151
Other movements / distribution to owners	(50)	617
Balance at end of the year	2,924	2,279

NOTES TO THE FINANCIAL STATEMENTS

	2001	2000
	\$000	\$000
Note 3: Retained Earnings & Reserves (continued)		
Reserves		
Share premium reserve	398	398
Capital reserve	22	22
Asset revaluation reserve	<u>22,250</u>	<u>22,250</u>
Balance at end of the year	<u><u>22,670</u></u>	<u><u>22,670</u></u>

Note 4: Receivables and prepayments		
Trading debtors	847	1,085
Estimated doubtful receivables	0	0
GST clearing account	0	0
Miscellaneous prepayments	<u>45</u>	<u>14</u>
	<u><u>892</u></u>	<u><u>1,099</u></u>

The Company incurs credit risk from transactions with trade receivables and financial institutions in the normal course of its business.

The Company has a credit policy which restricts the exposure to individual trade receivables and the Board of Directors reviews exposure to trade receivables on a regular basis. Where there is a significant concentration of credit risk, the exposure is minimised by provisions in use of systems agreements between the parties. Amounts owed by trade receivables are unsecured.

Note 5: Inventories		
Network stocks	<u>350</u>	<u>447</u>
	<u><u>350</u></u>	<u><u>447</u></u>

Note 6: Investments		
(i) CURRENT		
Short term deposits held with registered institutions	<u>3,500</u>	<u>232</u>
	<u><u>3,500</u></u>	<u><u>232</u></u>

Market fluctuations in interest rates affect the earnings on these investments but company policy of placing deposits with high credit quality financial institutions minimises its credit exposure.

(ii) NON CURRENT

These investments were established to contribute towards the cost of a catastrophe on the network assets.

Listed securities	<u>2,154</u>	<u>1,890</u>
	<u><u>2,154</u></u>	<u><u>1,890</u></u>

(iii) FAIR AND MARKET VALUE INFORMATION

Listed securities	2,187	2,097
-------------------	-------	-------

The market value is based on prices quoted on the stock exchange at balance date.

The fair values of the other investments are not materially different from their carrying amounts.

(iii) INTEREST RATES

The range of interest rates on investments were 6.00 - 10.00%

Note 7: Accounts Payable		
GST clearing account	84	0
Trade creditors	403	484
Other creditors & accruals	<u>2,629</u>	<u>21</u>
	<u><u>3,116</u></u>	<u><u>505</u></u>

NOTES TO THE FINANCIAL STATEMENTS

	2001	2000
	\$000	\$000
Note 8: Fixed Assets		
Distribution assets		
At valuation	27,847	27,847
At cost	2,476	1,188
Accumulated depreciation	<u>(1,465)</u>	<u>(726)</u>
Total carrying amount of distribution assets	<u>28,858</u>	<u>28,309</u>
Freehold land		
At cost	<u>18</u>	<u>18</u>
Total carrying amount of freehold land	<u>18</u>	<u>18</u>
Freehold buildings		
At cost	0	0
Accumulated depreciation	<u>0</u>	<u>0</u>
Total carrying amount of freehold buildings	<u>0</u>	<u>0</u>
Motor vehicles		
At cost	31	65
Accumulated depreciation	<u>(3)</u>	<u>(31)</u>
Total carrying amount of motor vehicles	<u>28</u>	<u>34</u>
Plant and equipment		
At cost	0	0
Accumulated depreciation	<u>0</u>	<u>0</u>
Total carrying amount of plant and equipment	<u>0</u>	<u>0</u>
Office equipment		
At cost	338	528
Accumulated depreciation	<u>(184)</u>	<u>(299)</u>
Total carrying amount of computer equipment	<u>154</u>	<u>229</u>
Total Fixed Assets	<u>29,058</u>	<u>28,590</u>

The fair value of the land and buildings is not materially different from their carrying amounts.

Note 9: Reconciliation of CashFlow with Operating Surplus

Reported surplus after taxation	695	1,151
Add Non Cash Items		
Depreciation	748	816
Change in deferred tax provision	299	437
Other non-cash expenditure	0	40
Changes in Working Capital		
Increase/(decrease) in accounts payable & accruals	2,611	(667)
(Increase)/decrease in accounts receivable	207	(1,065)
(Increase)/decrease in inventory	97	(55)
Increase/(decrease) in employee entitlements	88	0
Increase/(decrease) in provision for dividend	0	0
Items Classified as Investing Activities		
Net surplus/(loss) on disposal of fixed assets	<u>(4)</u>	<u>(107)</u>
Net Cashflow from Operating Activities	<u>4,740</u>	<u>550</u>

* Relates to other business items utilising the avoidable cost methodology

NOTES TO THE FINANCIAL STATEMENTS

	2001	2000
	\$000	\$000
Note 10: Analysis of non-cancellable operating lease commitments		
Payable not later than one year	27	28
Payable later than one year, not later than two years	24	28
Payable later than two years, not later than five years	19	45
Payable later than five years	0	0

Note 11: Environmental Policy

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

Note 12: Capital Commitments and Contingent Liabilities

As at 31 March 2001, the company had no contingent liabilities (2000 also Nil).

As at 31 March 2001 there were Capital Commitments of \$23,000 (2000 \$44,864)

Note 13: Related Party Information

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

Contestable contracting services in asset construction and maintenance were provided by CENTRALINES's contracting division at cost, including overheads, and as detailed, respectively, here and in Note 16.12b below.

Subtransmission assets	0	0
Zone substations	0	0
Distribution lines and cables	0	0
Medium voltage switchgear	0	0
Distribution transformers	0	0
Distribution substations	0	0
Low voltage lines and cables	713	355
Other system fixed assets	0	0

As at 31 March 2001, there were no outstanding balances for related parties other than those disclosed (2000 also Nil).

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

Note 14: Financial Instruments

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

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

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

Note 15: Significant Events after Balance Date

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

NOTES TO THE FINANCIAL STATEMENTS**Note 16: Electricity (Information Disclosure) Regulations 1999 (Schedule 1 Part 2) requirements:**

	2001 \$000	2000 \$000
1 Current Assets		
a Cash and bank balances	877	930
b Short-term investments	3,500	232
c Inventories	350	447
d Accounts receivable	847	1,085
e Other current assets not listed in (a) to (d)	45	14
f Total current assets	<u>5,619</u>	<u>2,708</u>
2 Fixed Assets		
a System fixed assets	28,858	28,309
b Consumer billing and information system assets	0	0
c Motor vehicles	28	34
d Office equipment	154	229
e Land and buildings	18	18
f Capital works under construction	0	0
g Other fixed assets not listed in (a) to (f)	0	0
h Total fixed assets	<u>29,058</u>	<u>28,590</u>
3 Other tangible assets not listed above	2,154	2,189
4 Total tangible assets	36,831	33,487
5 Intangibles		
a Goodwill	0	0
b Other intangibles not listed in (a) above	0	0
c Total intangibles	0	0
6 Total assets	<u>36,831</u>	<u>33,487</u>
7 Current liabilities		
a Bank overdraft	0	0
b Short-term borrowings	0	0
c Payables and accruals	3,116	505
d Provision for dividends payable	0	0
e Provision for income tax	0	0
f Other current liabilities not listed in (a) to (e) above	121	33
g Total current liabilities	<u>3,237</u>	<u>538</u>
8 Non-current liabilities		
a Payables and accruals	0	0
b Borrowings	0	0
c Deferred tax	0	0
d Other non-current liabilities not listed in (a) to (c) above	0	0
e Total non-current liabilities	<u>0</u>	<u>0</u>
9 Equity		
a Shareholders' equity		
(i) Share capital	8,000	8,000
(ii) Retained earnings	2,924	2,279
(iii) Reserves	22,670	22,670
(iv) Total shareholders' equity	<u>33,594</u>	<u>32,949</u>
b Minority interests in subsidiaries	0	0
c Total equity	<u>33,594</u>	<u>32,949</u>
d Capital notes	0	0
e Total capital funds	<u>33,594</u>	<u>32,949</u>
10 Total equity and liabilities	<u>36,831</u>	<u>33,487</u>

NOTES TO THE FINANCIAL STATEMENTS

	2001 \$000	2000 \$000
11 Operating revenue		
a Revenue from line/access charges	8,090	5,462
b Revenue from "Other" business for services carried out by the line business (transfer payment)	0	0
c Interest on cash, bank balances and short term investments:	278	103
d AC loss-rental rebates	314	158
e Other revenue not listed in (a) to (d)	0	0
f Total operating revenue	<u>8,682</u>	<u>5,723</u>
12 Operating expenditure		
a Payment for transmission charges	1,773	1,940
b Transfer payments to the "Other" business for:		
(i) Asset maintenance	713	355
(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	0	0
(vii) Other goods and services not listed in (i) to (vi) above	0	0
(viii) Total transfer payment to the "Other" business	<u>713</u>	<u>355</u>
c Expense to entities that are not related parties for:		
(i) Asset maintenance	26	22
(ii) Consumer disconnection/reconnection services	0	0
(iii) Meter data	15	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))	<u>41</u>	<u>22</u>
d Employee salaries, wages and redundancies	372	455
e Consumer billing and information system expense	0	0
f Depreciation on:		
(i) System fixed assets	739	726
(ii) Other assets not listed in (i)	8	90
(iii) Total depreciation	<u>747</u>	<u>816</u>
g Amortisation of:		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	<u>0</u>	<u>0</u>
h Corporate and administration		0
i Human resource expenses	7	0
j Marketing/advertising	88	16
k Merger and acquisition expenses	0	0
l Takeover defence expenses	0	0
m Research and development expenses	4	0
n Consultancy and legal expenses	66	14
o Donations	0	1
p Directors' fees	66	68
q Auditors' fees		
(i) Audit fees paid to principal auditors	32	36
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by principal and other auditors	0	0
(iv) Total auditors' fees	<u>32</u>	<u>36</u>
r Costs of offering credit		
(i) Bad debts written off	38	0
(ii) Increase in estimated doubtful debts	0	0
(iii) Total cost of offering credit	<u>38</u>	<u>0</u>
s Local authority rates expense		
t AC loss-rentals (distribution to retailers/customers) expense		

NOTES TO THE FINANCIAL STATEMENTS

		2001	2000
		\$000	\$000
u	Rebates to consumers due to ownership interest	3,214	0
v	Subvention payments	0	0
w	Unusual expenses	0	0
x	Other expenditure not listed in (a) to (w)	367	412
13	Total operating expenditure	<u>7,528</u>	<u>4,135</u>
14	Operating surplus before interest and income tax	<u>1,154</u>	<u>1,588</u>
15	Interest expense		
a	Interest expense on borrowings	0	0
b	Financing charges related to finance leases	0	0
c	Other interest expense not listed in (a) or (b)	0	0
d	Total interest expense	<u>0</u>	<u>0</u>
16	Operating surplus before income tax	<u>1,154</u>	<u>1,588</u>
17	Income tax	459	437
18	Net surplus after tax	<u><u>695</u></u>	<u><u>1,151</u></u>

Note 17: Disclosure of financial statements

The company failed to meet the reporting deadline of 31 August 2001 as required by the Electricity (Information Disclosure) Regulations 1999.

**CENTRALINES LIMITED - LINES BUSINESS
FINANCIAL PERFORMANCE MEASURES - Derivation Table (Part 7)
FOR THE YEAR ENDED 31 MARCH 2001**

	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	1,154							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	1,154							
Interest on cash, bank balances, and short-term investments (ISTI)	278							
OSBIT minus ISTI	876	a	876				876	
Net surplus after tax from financial statements	695							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	695	n			695			
Amortisation of goodwill and amortisation of other intangibles	0	g		add	0		0	add
Subvention payment	0	s		add	0		0	add
Depreciation of SFA at BV (x)	739							
Depreciation of SFA at ODV (y)	864							
ODV depreciation adjustment	(125)	d	(125)	add	(125)		(125)	add
Subvention payment tax adjustment	0	s ^t		deduct	0		0	deduct
Interest tax shield	(92)	q						deduct
Revaluations	0	r						add
Income tax	459	p						deduct
Numerator			751		570		384	
			$OSBIT^{(a)} = a + g + s + d$		$NSAT^{(n)} = n + g + s - s^t + d$		$OSBIT^{(a)} = a + g - q + r + s + d - p - s^t$	
Fixed assets at end of previous financial year (FA ₀)	28,590							
Fixed assets at end of current financial year (FA ₁)	29,058							
Adjusted net working capital at end of previous financial year (ANWC ₀)	2,405							
Adjusted net working capital at end of current financial year (ANWC ₁)	(1,995)							
Average total funds employed (ATFE)	29,029	c	29,029				29,029	
Total equity at end of previous financial year (TE ₀)	32,949							
Total equity at end of current financial year (TE ₁)	33,594							
Average total equity	33,272	k			33,272			

**CENTRALINES LIMITED - LINES BUSINESS
FINANCIAL PERFORMANCE MEASURES - Derivation Table (Part 7)
FOR THE YEAR ENDED 31 MARCH 2001**

	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
WUC at end of previous financial year (WUC ₀)	0							
WUC at end of current financial year (WUC _t)	0							
Average total works under construction	0	e	deduct	0	deduct	0	deduct	0
Revaluations	0	r						
Half of revaluations	0	r/2					deduct	0
Intangible assets at end of previous financial year (IA ₀)	0							
Intangible assets at end of current financial year (IA _t)	0							
Average total intangible asset	0	m			add	0		
Subvention payment at end of previous financial year (S ₀)	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 _{0,bov})	28,309							
System fixed assets at end of current financial year at book value (SFA _{t,bov})	28,858							
Average value of system fixed assets at book value	28,584	f	deduct	28,584	deduct	28,584	deduct	28,584
System Fixed assets at year beginning at ODV value (SFA _{0,odv})	27,924							
System Fixed assets at end of current financial year at ODV value (SFA _{t,odv})	24,487							
Average value of system fixed assets at ODV value	26,206	h	add	26,206	add	26,206	add	26,206
Denominator				26,652		30,894		26,652
				ATFE ^{odv} = e · e · f + h		Ave TE ^{odv} = k · e · m + v · f + h		ATFE ^{odv} = e · e · f + h
Financial Performance Measure:				2.82		1.84		1.44
				ROF = OSBIT ^{odv} /ATFE ^{odv} × 100		ROE = NSAT ^{odv} /ATE ^{odv} × 100		ROI = OSBIT ^{odv} /ATFE ^{odv} × 100

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

CENTRALINES LIMITED - LINES BUSINESS
ANNUAL VALUATION RECONCILIATION REPORT - (Part 8)
FOR THE YEAR ENDED 31 MARCH 2001

	2001	2000
	\$000	\$000
System fixed assets at ODV at end of previous financial year	27,924	27,847
ADD system fixed assets acquired during the year at ODV¹	907	1,295
LESS system fixed assets disposed of during the year at ODV	30	107
LESS depreciation on system fixed assets at ODV	864	1,111
ADD revaluation of system fixed assets	(3,450)	0
System fixed assets at ODV at end of the financial year	<u>24,487</u>	<u>27,924</u>

¹ The value of system fixed assets acquired during the financial year includes capitalised expenditure on replacement and refurbishment of system fixed assets.



Audit New Zealand

AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES OF CENTRALINES LIMITED

We have examined the information on pages 7 and 16 to 18 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 Centralines Limited and dated 31 March 2001 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

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

19 September 2001



CENTRALINES LIMITED

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CERTIFICATE OF VALUATION REPORT OF LINE OWNERS

We, **MICHAEL KENNETH LUONI AND HAMISH ARTHUR DONALD**, Directors of **CENTRALINES LIMITED** certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) the attached valuation report of **CENTRALINES LIMITED**, prepared for the purposes of Regulation 20 of the Electricity (Information Disclosure) Amendment Regulations 2000, complies with the requirements of those Regulations; and
- (b) the replacement cost of the line business system fixed assets of **CENTRALINES** is \$49.419M; and
- (c) the depreciated replacement cost of the line business system fixed assets of **CENTRALINES** is \$24.744M; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of **CENTRALINES** is \$24.487M; and
- (e) the optimised deprival valuation of the line business system fixed assets of **CENTRALINES** is \$24.414M; 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.



M K LUONI

18 September 01

DATED



H A DONALD

18 September 2001

DATED



Office address
Clarendon Tower
78 Worcester Street
Christchurch
New Zealand

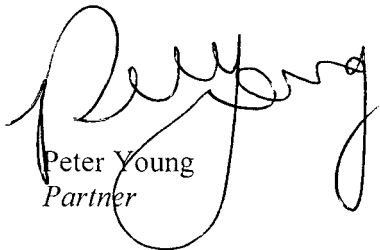
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AUDITORS OPINION IN RELATION TO ODV VALUATION
CENTRALINES LIMITED

I have examined the valuation report of Centralines Limited prepared by KPMG and dated 20 August 2001, which contains valuations of system fixed assets as at 31 March 2001.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report, including the total valuation of system fixed assets of \$24,414,479 have been made in accordance with the ODV Handbook.



Peter Young
Partner

20 August 2001