



New Zealand Gazette

OF THURSDAY, 15 AUGUST 2002

WELLINGTON: MONDAY, 19 AUGUST 2002 — ISSUE NO. 108

ELECTRICITY ASHBURTON LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000 AND 2001


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

We, Edwin Glass and Gary Richard Leech, 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 31st day of July 2002



Director



Director

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 \$	2001 \$
REVENUE	2		
Line Charges		15,613,897	14,890,513
Other		<u>470,150</u>	<u>371,587</u>
		16,084,047	15,262,100
 OPERATING EXPENDITURE	 3		
Transmission Charges		4,416,966	4,432,674
Other		<u>5,969,083</u>	<u>5,649,046</u>
		10,386,049	10,081,720
 OPERATING SURPLUS before Deferred Discount		 5,697,998	 5,180,380
Customer Deferred Discount	5	<u>4,948,042</u>	<u>3,094,971</u>
 OPERATING SURPLUS before Taxation		 749,956	 2,085,409
Taxation	4	<u>1,022,471</u> (272,515)	<u>1,413,908</u> 671,501

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2002**

EQUITY AT START OF YEAR	67,508,018	59,435,129
Operating Surplus after Taxation	(272,515)	671,501
Prior Year Adjustment Deferred Taxation	0	(43,652)
Distribution System Revaluation	<u>626,724</u>	<u>3,497,613</u>
Total Recognised Revenue and Expenses for the Period	354,209	4,125,462
Other Movements		
Prior Year Adjustment - Shareholding	0	3,910,527
Shares Issued	<u>(27,900)</u>	<u>36,900</u>
	67,834,327	67,508,018

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LTD – LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2002**

	Note	2002 \$	2001 \$
CURRENT ASSETS	7		
Bank		0	1,621,798
Inventory		2,608,552	1,744,461
Receivables and Prepayments		2,467,019	1,833,601
Total Current Assets		<u>5,075,571</u>	<u>5,199,860</u>
NON CURRENT ASSETS			
Investments			
Ashburton Aquatic Park Trust Loan		300,000	300,000
Fixed Assets	9		
Distribution System		81,842,328	66,798,447
Land & Buildings		2,662,943	2,368,425
Motor Vehicles		106,190	108,503
Plant, Furniture & Equipment		632,247	682,543
Work in Progress		695,633	3,364,307
Total Non Current Assets		<u>86,239,341</u>	<u>73,622,225</u>
TOTAL ASSETS		<u><u>\$ 91,314,912</u></u>	<u><u>\$ 78,822,085</u></u>
CURRENT LIABILITIES	8		
Bank Overdraft		2,298,227	0
Provision for Taxation		40,411	211,179
Creditors		1,823,567	4,766,568
Total Current Liabilities		<u>4,162,205</u>	<u>4,977,747</u>
NON CURRENT LIABILITIES			
Deferred Taxation	4	7,318,380	6,336,320
Bank Loan	10	12,000,000	0
Total Non Current Liabilities		<u>19,318,380</u>	<u>6,336,320</u>
SHAREHOLDERS' FUNDS	6		
Deferred Shares		28,750,000	28,750,000
Rebate Shares		1,250,000	1,250,000
Non Allocated Shares		(124,300)	(96,400)
Reserves		34,743,906	34,117,182
Retained Earnings		3,214,721	3,487,236
Total Shareholders Funds		<u>67,834,327</u>	<u>67,508,018</u>
TOTAL EQUITY AND LIABILITIES		<u><u>\$ 91,314,912</u></u>	<u><u>\$ 78,822,085</u></u>

For and on behalf of the Board

Edna Glass

[Signature]

Date: 31 July 2002

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 2002**

	Note	2002 \$	2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash was Provided from:			
Receipts from Customers		15,864,021	15,245,355
Interest		<u>34,386</u>	<u>0</u>
		15,898,407	15,245,355
Cash was Disbursed for:			
Payment to Suppliers & Employees		(15,740,427)	(9,501,053)
Interest Paid		(131,574)	0
Net G S T Movement		(787,393)	167,704
Taxation Expense		<u>(211,179)</u>	<u>(325,590)</u>
		(16,870,573)	(9,658,939)
Net Cash Flows from Operating Activities	15	(972,166)	5,586,416
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash was Provided from:			
Sale of Fixed Assets		<u>8,000</u>	<u>26,434</u>
		8,000	26,434
Cash was Applied to:			
Loan Ashburton Aquatic Park Trust		0	(300,000)
Distribution System Improvements		(13,742,167)	(7,172,067)
Other Fixed Asset Additions		<u>(1,185,792)</u>	<u>(213,350)</u>
		(14,927,959)	(7,685,417)
Net Cash Flows Used in Investing Activities		(14,919,959)	(7,658,983)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash was Provided from:			
Contribution from Owners		(27,900)	3,947,427
Loan Received		<u>12,000,000</u>	<u>0</u>
		11,972,100	3,947,427
Cash was Applied to:			
Industry & Loan Repayments		0	(7,325)
Dividend		<u>0</u>	<u>(1,116,700)</u>
		0	(1,124,025)
Net Cash Flows From Financing Activities		11,972,100	2,823,402
NET INCREASE (DECREASE) IN CASH HELD		(3,920,025)	750,835
Opening Cash Brought Forward		<u>1,621,798</u>	<u>870,963</u>
Ending Cash Carried Forward		<u>\$ (2,298,227)</u>	<u>\$ 1,621,798</u>
REPRESENTED BY:			
Bank Account		<u>\$ (2,298,227)</u>	<u>\$ 1,621,798</u>

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 2002**

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 2002.

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 4). 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

Allocations 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.

	2002	2001
	\$	\$
2 REVENUE		
a) Revenue from line / access charges;	0	0
i) Revenue invoiced to customers by electricity retailer	14,608,728	14,114,770
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	34,093	0
d) AC loss – rental rebates	1,005,169	775,743
e) Other Revenue not listed in (a to d)	<u>436,057</u>	<u>371,587</u>
f) Total Operating Revenue	16,084,047	15,262,100
3 OPERATING EXPENDITURE		
a) Transmission Charges	4,416,966	4,432,674
b) Transfer Payments to "Other" Business		
i) Asset Maintenance	681,950	670,489
ii) Consumer Disconnection and Reconnection Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	15,497	27,250
v) Royalty and Patent expense	0	0
vi) Avoided transmission charges for own generation	0	0
vi) Other Goods and Services not listed in (i to vi)	<u>0</u>	<u>0</u>
Total transfer payment to the "Other" Business	697,447	697,739
c) Expense to entities that are not related parties for -		
i) Asset Maintenance	56,713	116,783
ii) Consumer Disconnection and Reconnections Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	7,163	7,648
v) Royalty and Patent expense	0	0
vi) Total of specified expenses to non-related parties	<u>0</u>	<u>0</u>
Total expenses to entities that are not related parties	63,876	124,431
d) Employee Salaries and Redundancies	1,337,857	1,294,078

	2002	2001
	\$	\$
e) Consumer billing and information system expense	0	0
f) Depreciation on-		
i) System fixed assets	2,620,462	2,399,179
ii) Other system assets not listed in (i)	<u>309,105</u>	<u>358,642</u>
Total Depreciation	2,929,567	2,757,821
g) Amortised of-		
i) Goodwill	0	0
ii) Other Tangibles	<u>0</u>	<u>0</u>
iii) Total amortisation of Intangibles	0	0
h) Corporate and Administration	266,629	233,062
i) Human Resource expenses	18,141	17,374
j) Marketing and advertising	21,698	15,962
k) Merger and acquisition expenses	0	0
l) Takeover defence expense	0	0
m) Research and development expenses	0	0
n) Consultancy and legal expenses	92,089	89,314
o) Donations	0	0
p) Directors fees	187,322	156,652
q) Auditors fees-		
i) Audit fees paid to principal auditors	15,357	35,037
ii) Audit fees paid to other auditors:	0	3,300
iii) Fees paid for other services provided by principal and other auditors	<u>0</u>	<u>0</u>
iv) Total auditors fees	15,357	38,337
r) Cost of offering credit-		
i) Bad debts written off	6506	0
ii) Increase in estimated doubtful debts	<u>0</u>	<u>0</u>
iii) Total cost of offering credit	6506	0
s) Local Authority rate expense	20,634	9,670
t) AC loss - rental rebates (distribution to retailers) expense	0	0
u) Rebates to customers due to ownership interest	4,948,042	3,094,971
v) Subvention payments	0	0
w) Unusual expenses	0	0
x) Other expenditure not listed in (a to x)	<u>68,332</u>	<u>214,606</u>
Total Operating Expenditure	15,090,463	13,176,691
Operating surplus before interest and income tax	993,584	2,085,409
Interest Expense		
a) Interest expense on borrowings	243,628	0
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>
	243,628	0
Operating surplus before income tax	749,956	2,085,409
Income Tax	1,022,471	1,413,908
Net Surplus after tax	<u>\$ (272,515)</u>	<u>\$ 671,501</u>

	2002 \$	2001 \$
4 TAXATION		
Net Surplus before Taxation	<u>749,956</u>	<u>2,085,409</u>
Prima facie taxation at 33%	247,485	688,185
Plus Tax effect on permanent differences	774,986	725,723
Less Tax effect of timing differences not recognised	<u>0</u>	<u>0</u>
Total Taxation Expense	<u><u>1,022,471</u></u>	<u><u>1,413,908</u></u>
The Taxation charge comprises:		
Current Taxation	40,411	579,529
Deferred Taxation	<u>982,060</u>	<u>834,379</u>
	<u><u>1,022,471</u></u>	<u><u>1,413,908</u></u>
Deferred Taxation Liability:		
Opening Balance	6,336,320	5,458,289
Current Year Movement	982,060	834,379
Prior Year Adjustment	<u>0</u>	<u>43,652</u>
	<u><u>7,318,380</u></u>	<u><u>6,336,320</u></u>

5 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.

6 EQUITY

a) Shareholders' equity-		
i) Share capital	29,875,700	29,903,600
ii) Retained earnings	3,214,721	3,487,236
iii) Reserves	<u>34,743,906</u>	<u>34,117,182</u>
iv) Total shareholders' equity	67,834,327	67,508,018
b) Minority interests in subsidiaries	<u>0</u>	<u>0</u>
c) Total equity	67,834,327	67,508,018
d) Capital notes	<u>0</u>	<u>0</u>
e) Total capital funds	67,834,327	67,508,018

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

- i) There is no right to distributions, dividends or rebates
- ii) 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 amalgamation
- iii) The shares are not transferable except to another local authority or if 25% of the voting shares are controlled by one person.
- iv) The right to an equal distribution with the holders of the rebate shares on a winding up of the Company

The Share capital of \$29,875,700 is the total shareholding in Electricity Ashburton Limited

	2002	2001
	\$	\$

7 CURRENT ASSETS

a) Cash and bank balances	0	1,621,798
b) Short term investments	0	0
c) Inventories	2,608,552	1,744,461
d) Accounts receivable	2,467,019	1,833,601
e) Other current assets not listed in (a to d)	0	0
f) Total Current Assets	5,075,571	5,199,860

* 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 District Council

8 CURRENT LIABILITIES

a) Bank overdraft	2,298,227	0
b) Short term borrowings	0	0
c) Payables and accruals	1,823,567	4,766,568
d) Provision for dividend payable	0	0
e) Provision for income tax	40,411	211,179
f) Other current liabilities not listed in (a to e)	0	0
g) Total Current Liabilities	4,162,205	4,977,747

NON CURRENT LIABILITIES

a) Payroll and accruals	0	0
b) Borrowings	12,000,000	0
c) Deferred tax	7,318,380	6,336,320
d) Other non current liabilities not listed in (a to c)	0	0
e) Total Non Current Liabilities	19,318,380	6,336,320

9 FIXED ASSETS

a) System fixed assets	81,842,328	66,798,447
b) Centralised load control equipment	143,341	132,033
c) Consumer billing and information system assets	271,621	337,488
d) Motor Vehicles	106,190	108,503
e) Office Equipment	217,285	213,022
f) Land & Buildings	2,662,943	2,368,425
g) Capital works under construction:		
i) Subtransmission assets (transfer payment)	0	0
ii) Zone substations (transfer payments)	0	50,637
iii) Distribution lines and cables (transfer payments)	681,440	3,296,791
iv) Medium voltage switchgear (transfer payments)	0	0
v) Distribution transformers	14,193	11,476
vi) Distribution substations (transfer payments)	0	5,403
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)	0	0
i) Total Fixed Assets	85,939,341	73,322,225
j) Other tangible assets not listed above.	300,000	300,000

	2002 \$	2001 \$
Intangible Assets		
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	84,462,790	66,798,447
Accumulated Depreciation	<u>2,620,462</u>	<u>0</u>
	81,842,328	66,798,447
Land & Buildings	3,122,168	2,779,230
Accumulated Depreciation	<u>459,225</u>	<u>410,805</u>
	2,662,943	2,368,425
Motor Vehicles	540,981	508,222
Accumulated Depreciation	<u>434,791</u>	<u>399,719</u>
	106,190	108,503
Plant, Furniture & Equipment	3,236,927	3,061,610
Accumulated Depreciation	<u>2,604,680</u>	<u>2,379,067</u>
	632,247	682,543
Work in Progress	695,633	3,364,307
Total Non Current Assets	<u>85,939,341</u>	<u>73,322,225</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.

10 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:-

- a) Fair value is equivalent to carrying an amount as stated in the statement of financial position.
- b) Concentration of credit risk is minimised in respect of:-
 - i) 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.
 - ii) Bank deposits, by a specific policy of spreading investments between registered trading banks, Ashburton Building Society and the Loan and Building Society
 - iii) Cash, by being held in minimal quantities

The company has a \$500,000 overdraft facility with WestpacTrust, which is secured by a negative pledge over assets. During the year the company uplifted loans to the value of \$12 million from the Bank of New Zealand for 2001/2 capital works, interest rates for the loan are between 5.55% and 5.95% and expire on 31 October 2006. This loan is secured by a negative pledge over assets. An additional facility of \$3 million for the 2002/3 year is being negotiated.

11 COMMITMENTS

Estimated capital expenditure contracted for at balance date is \$2,746,700 (2001: \$1,384,875).

12 CONTINGENT LIABILITIES

As at 31 March 2002 there were no material contingent liabilities that are not included in these financial statements (2001: Nil).

13 SEGMENT INFORMATION

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

14 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 \$30 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 2001 to 31 March 2002

	2002	2001
	\$	\$
Construction of distribution lines & cables	7,628,427	5,078,623
Construction of medium voltage switchgear	0	0
Construction of distribution transformers	255,628	83,902
Construction of distribution substations	1,942,443	484,354
Construction of low voltage lines and cables	328,844	279,952
Construction of other system fixed assets	0	27,409
Maintenance of assets	681,950	670,489
Consumer connections and reconnections	0	0
Other services	15,497	27,250

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

15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reported Net profit after tax	(272,515)	671,501
Add Non Cash Items:		
Movement in Deferred Taxation	982,061	878,031
Depreciation	2,929,567	2,757,821
	<u>3,639,113</u>	<u>4,307,353</u>
Add (less) Movements in Working Capital Items:		
Decrease (Increase) in Tax Receivable	0	42,760
Decrease (Increase) in Receivables	(633,418)	(18,838)
Decrease (Increase) in Inventories	(864,091)	(518,954)
(Decrease) Increase in Accounts Payable	(2,943,002)	1,606,568
(Decrease) Increase in Tax Payable	(170,768)	211,179
	<u>(4,611,279)</u>	<u>1,322,715</u>
Add (less) Items Classified as Investing Activities:		
Prior Year Adjustment	0	(43,652)
	<u>0</u>	<u>(43,652)</u>
Net Cash Flows from Operating Activities	<u>(972,166)</u>	<u>5,586,416</u>

The decrease in accounts payable reflects payment of two years deferred discount during the reported period. This change in the timing of payment of the deferred discount has had the (one time) effect of reducing the reported Net Cash Flow from Operating Activities by \$4,948,042.

	2002	2001
	\$	\$
16 ANNUAL ODV VALUATION RECONCILIATION		
Opening Book Value	66,798,447	61,829,582
Additions - Less Disposals	17,037,569	3,870,431
Depreciation	(2,620,462)	(2,399,179)
Revaluation	<u>626,774</u>	<u>3,497,613</u>
Closing Book Value	81,842,328	66,798,447

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	993,584				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	993,584				
Interest on cash, bank balances, and short-term investments (ISTI)	-34,093				
OSBIT minus ISTI	959,491	a	959,491		959,491
Net surplus after tax from financial statements	-272,515				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	502,471	n		502,471	
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)	2,929,567				
Depreciation of SFA at ODV (y)	2,929,567				
ODV depreciation adjustment	0	d	add 0	add 0	add 0
Subvention payment tax adjustment	0	s't		deduct 0	deduct 0
Interest tax shield	0	q			deduct 0
Revaluations	626,724	r			add 626,724
Income tax	1,022,471	p			deduct 1,022,471
Numerator			OSBIT ^{ADJ} = a + g + s + d 959,491	NSAT ^{ADJ} = n + g + s + s't + d 502,471	OSBIT ^{ADJ} = a + g - q + r + s + d - p - s't 563,794
Fixed assets at end of previous financial year (FA ₀)	73,322,225				
Fixed assets at end of current financial year (FA ₁)	85,939,341				
Adjusted net working capital at end of previous financial year (ANWC ₀)					
Adjusted net working capital at end of current financial year (ANWC ₁)					
Average total funds employed (ATFE)	79,630,783	c	79,630,783		79,630,783
Total equity at end of previous financial year (TE ₀)	67,508,018				
Total equity at end of current financial year (TE ₁)	67,834,327				
Average total equity	67,671,173	k		67,671,173	
	(or regulation 33 time-weighted average)				
WUC at end of previous financial year (WUC ₀)	3,364,307				
WUC at end of current financial year (WUC ₁)	695,633				
Average total works under construction	2,029,970	e	deduct 2,029,970	deduct 2,029,970	deduct 2,029,970
	(or regulation 33 time-weighted average)				
Revaluations	626,724	r			
Half of revaluations	313,367	e/2			deduct 313,367
Intangible assets at end of previous financial year (IA ₀)	0				
Intangible assets at end of current financial year (IA ₁)	0				
Average total intangible asset	0	m		add 0	0
	(or regulation 33 time-weighted average)				
Subvention payment at end of previous financial year (S ₀)	0				
Subvention payment at end of current financial year (S ₁)	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	0
System fixed assets at end of previous financial year at book value (SFA _{book,0})	66,798,447				
System fixed assets at end of current financial year at book value (SFA _{book,1})	81,842,328				
Average value of system fixed assets at book value	74,320,388	f	deduct 74,320,388	deduct 74,320,388	deduct 74,320,388
	(or regulation 33 time-weighted average)				
System Fixed assets at year beginning at ODV value (SFA _{odv,0})	66,798,447				
System Fixed assets at end of current financial year at ODV value (SFA _{odv,1})	81,842,328				
Average value of system fixed assets at ODV value	74,320,388	h	add 74,320,388	add 74,320,388	add 74,320,388
	(or regulation 33 time-weighted average)				
Denominator			77,600,813 ATFE ^{ADJ} = c - e - f + h	66,288,236 Ave TE ^{ADJ} = k - e - m + v - f + h	77,287,426 ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:			ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 = 1.2	ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100 = 0.8	ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 = 0.7

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 2002**

FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES

	2002	2001	2000	1999
1 Financial Performance Measures				
(a) Return on funds	1.2%	3.1%	3.7%	1.1%
(b) Return on equity	0.8%	2.3%	2.0%	(0.9%)
(c) Return on investment	0.7%	7.7%	(5.6%)	(0.7%)
2 Efficiency Performance Measures				
(a) Direct line costs per kilometre	822	846	1,015	1,034
(b) Indirect line costs per electricity customer	45	52	40	91

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

1 Energy Delivery Efficiency Performance Measures:

(a) Load factor	52.43%	57.49%	53.30%	58.79%
(b) Loss ratio	6.88%	6.55%	7.58%	5.80%
(c) Capacity utilisation	28.40%	27.30%	26.10%	27.08%

2 Statistics

(a) Circuit Length (Total kms)

66 kV	53	31	16	0
33 kV	252	246	252	282
22 kV	319	288	226	140
11 kV	1,627	1,637	1,668	1,718
230/400 V	328	318	269	227
	-----	-----	-----	-----
Total	2,579	2,520	2,431	2,367

(b) Circuit Length - Overhead (kms)

66 kV	52	30	15	0
33 kV	246	240	248	279
22 kV	317	286	225	139
11 kV	1,543	1,560	1,602	1,657
230/400 V	146	147	135	122
	-----	-----	-----	-----
Total Overhead	2,304	2,263	2,225	2,197

	2002	2001	2000	1999
(c) Circuit Length - Underground (kms)				
66 kV	1	1	1	0
33 kV	6	6	4	3
22 kV	2	2	1	1
11 kV	84	77	66	61
230/400 V	182	171	134	105
Total Underground	275	257	206	170
(d) Transformer Capacity (kVA))	262,739	253,786	239,168	235,052
(e) Maximum Demand (kW)	74,622	69,288	62,433	63,644
(f) Total electricity entering system before losses (kWh)	342,704,202	348,946,369	292,314,361	327,767,553
(g) Total electricity supplied from system after losses (kWh)				
Electricity Ashburton	0	0	0	307,772,738
Retailer A	206,946,451	215,299,174	217,059,862	150,652
Retailer B	83,748,471	82,609,122	37,951,872	0
Retailer C	3,751,917	5,508,125	6,765,585	0
Retailer D	5,399,981	12,888,835	5,501,187	0
Retailer E	0	0	1,673,153	818,073
Retailer F	18,521,786	9,117,533	1,203,385	0
Retailer G	757,546	652,254	2,578	0
Total	319,126,152	326,075,045	270,157,621	308,741,463
(h) Total Customers	14,558	14,285	13,843	13,564

RELIABILITY PERFORMANCE MEASURES

1 Total number of interruptions

Class B - Planned by Line Owner	295	100	109	204
Class C - Unplanned by Line Owner	153	188	123	154
Class D - Unplanned by Transpower	0	0	4	0
Class G - Unplanned by Others	0	0	2	0
Total	448	288	238	358

2 Interruption targets for (next year)

Class B - Planned by Line Owner	250
Class C - Unplanned by Line Owner	140

3 Average interruption targets (5 years)

Class B - Planned by Line Owner	150
Class C - Unplanned by Line Owner	140

	2002	2001	2000	1999
4 Fault Restoration Times (Class C) interruptions not restored within:				
3 Hours	32.68%	20.21%	4.88%	7.80%
24 Hours	0.65%	0%	0%	1.30%
5 Number of faults per 100 km of prescribed voltage line				
(a) Total number of faults				
66 kV	3.8	6.5	6.3	
33 kV	1.6	1.2	3.2	3.9
22 kV	14.1	13.9	4.0	4.3
11 kV	6.3	8.7	6.3	8.0
Total	5.9	7.5	5.1	7.2
(b) Target for (next year)				
66 kV	4.0			
33 kV	4.0			
22 kV	7.0			
11 kV	7.0			
Total	5.4			
(c) Average Target (5 years)				
66 kV	4.0			
33 kV	4.0			
22 kV	7.0			
11kV	7.0			
Total	5.4			
6 The total number of faults per 100km of prescribed voltage underground line				
66 KV	0	0	0	
33 kV	0	0	0	0
22 kV	0	0	0	0
11kV	0	5.2	3.0	1.6
Total	0	1.6	1.0	1.5
7 The total number of faults per 100km of prescribed voltage overhead line				
66 kV	3.8	6.7	6.7	
33 kV	1.6	1.3	3.2	3.9
22 kV	14.2	14.0	4.0	4.3
11 kV	6.6	8.9	6.4	8.2
Total	6.6	8.1	5.4	7.4
8 SAIDI for the total number of interruptions				
	228.56	130.88	146.72	197.38
9 SAIDI targets (next year)				
Class B - Planned by Line Owner	136			
Class C - Unplanned by Line Owner	68			

	2002	2001	2000	1999
10 Average SAIDI targets (5 years)				
Class B - Planned by Line Owner	60			
Class C - Unplanned by Line Owner	68			
11 SAIDI - Classification of interruptions				
Class B - Planned by Line Owner	151.13	41.09	58.92	63.06
Class C - Unplanned by Line Owner	77.43	87.79	72.34	134.35
Class D - Unplanned by Transpower	0	0	15.28	0
Class G - Unplanned by Others	0	0	0.18	0
12 SAIFI for the total number of interruptions	1.55	1.21	1.81	2.45
13 SAIFI targets (next year)				
Class B - Planned by Line Owner	0.38			
Class C - Unplanned by Line Owner	1.00			
14 Average SAIFI targets (5 years)				
Class B - Planned by Line Owner	0.20			
Class C - Unplanned by Line Owner	1.00			
15 SAIFI - Classification of interruptions				
Class B - Planned by Line Owner	0.44	0.13	0.19	0.25
Class C - Unplanned by Line Owner	1.11	1.09	0.92	2.20
Class D - Unplanned by Transpower	0	0	0.71	0
Class G - Unplanned by Others	0	0	0	0
16 CAIDI for the total number of interruptions	147	108	81	80
17 CAIDI targets for (next year)				
Class B - Planned by Line Owner	358			
Class C - Unplanned by Line Owner	68			
18 Average CAIDI target (5 years)				
Class B - Planned by Line Owner	300			
Class C - Unplanned by Line Owner	68			
19 CAIDI - Classification of Interruptions				
Class B - Planned by Line Owner	340	317	317	248
Class C - Unplanned by Line Owner	70	83	79	61
Class D - Unplanned by Transpower	0	0	22	0
Class G - Unplanned by Others	0	0	125	0

Gabites, Sinclair & Partners

Chartered Accountants & Business Advisers

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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 two to twelve. The financial statements provide information about the past financial performance of Electricity Ashburton Limited and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out on pages five and six.

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 2002, and results of operations and cash flows for the year ended 31 March 2002.

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 two to twelve:-
 - (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 2002 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 31 July 2002 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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Chartered Accountants & Business Advisers

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ASHBURTON, N.Z.Phone (03) 308 5099
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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 31 July 2002 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

31 July 2002

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