



New Zealand Gazette

OF THURSDAY, 10 JULY 2003

WELLINGTON: FRIDAY, 11 JULY 2003 — ISSUE NO. 79

WAIPA NETWORKS LIMITED

INFORMATION FOR DISCLOSURE

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

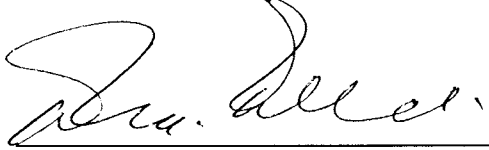
**Certification of Financial Statements, Performance Measures,
and Statistics Disclosed by Line Owners other than Transpower.**

We, Diane Reed and Richard Kadziolka, Directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

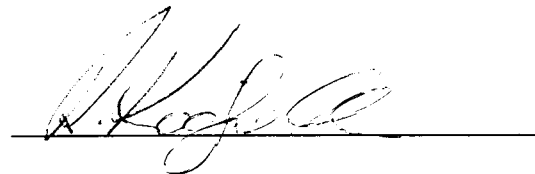
- (a) The attached audited financial statements of Waipa Networks Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Waipa Networks 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 24th day of June 2003.



Director



Director

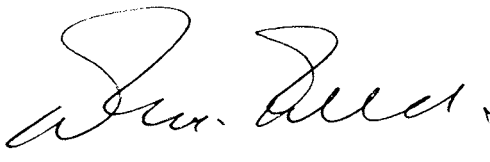
Certification of Valuation Report of Line Owners

We, Diane Reed and Richard Kadziolka, Directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

- (a) The attached valuation report of Waipa Networks 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 Waipa Networks Limited is \$73,556,850; and
- (c) The depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$44,945,462; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$ 44,945,462; and
- (e) The optimised deprival valuation of the line business system fixed assets of Waipa Networks Limited is \$ 44,944,031; 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 24th day of June 2003.



Director



Director

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 \$	2002 \$
Revenue		12,596,571	11,867,272
Less Discounts		3,177,215	2,876,477
Net Revenue		<u>9,419,356</u>	<u>8,990,795</u>
Net Operating Surplus Before Taxation	2	870,651	1,000,829
Less Taxation Expense	3	232,126	316,199
Net Surplus		<u>638,525</u>	<u>684,630</u>

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2003

		2003 \$	2002 \$
Equity as at 1 April 2002		<u>40,222,168</u>	<u>38,387,621</u>
Net Surplus		638,525	684,630
Revaluation of Assets	5	-	1,149,917
Total Recognised Revenue and Expenses for the Year		<u>638,525</u>	<u>1,834,547</u>
Equity as at 31 March 2003		<u>40,860,693</u>	<u>40,222,168</u>

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2003

	Note	2003 \$	2002 \$
EQUITY			
Share capital	4	-	-
Reserves	5	34,862,235	34,862,235
Retained earnings	6	5,998,458	5,359,933
TOTAL EQUITY		<u>40,860,693</u>	<u>40,222,168</u>
Represented By:			
CURRENT ASSETS			
Cash and Bank		682,009	2,146,057
Receivables and prepayments	7	1,276,021	1,205,791
Tax refund due		1,981	125,459
Inventories		388,028	305,809
		<u>2,348,039</u>	<u>3,783,116</u>
CURRENT LIABILITIES			
Creditors	8	<u>652,392</u>	<u>2,189,208</u>
		<u>652,392</u>	<u>2,189,208</u>
NET CURRENT ASSETS		1,695,647	1,593,908
NON - CURRENT ASSETS			
Fixed assets	9	47,185,404	46,647,035
NON - CURRENT LIABILITIES			
Employee entitlements		20,358	18,775
Term Liabilities	10	8,000,000	8,000,000
NET ASSETS		<u>40,860,693</u>	<u>40,222,168</u>

For and on behalf of the Board



D M Reed Director
24 June 2003



R Z Kadziolka Director
24 June 2003

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		8,576,609	7,869,486
Interest received		23,616	31,003
Net GST		8,276	-
		<u>8,608,501</u>	<u>7,900,489</u>
Cash was disbursed to:			
Payments to suppliers and employees		7,700,391	3,644,961
Interest Paid		796,000	796,000
Taxes paid		108,648	396,643
		<u>8,605,039</u>	<u>4,837,604</u>
Net cash flows from operating activities	15	<u>3,462</u>	<u>3,062,885</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of assets		51,862	34,932
Capital Contributions		407,996	271,479
		<u>459,858</u>	<u>306,411</u>
Cash was applied to:			
Purchase of assets		1,927,368	2,082,147
		<u>1,927,368</u>	<u>2,082,147</u>
Net cash flows from investing activities		<u>(1,467,510)</u>	<u>(1,775,736)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was applied to:			
Dividend		-	229,735
		<u>-</u>	<u>229,735</u>
Net cash flows from financing activities		<u>-</u>	<u>(229,735)</u>
Net decrease in cash held		(1,464,048)	1,050,119
Add opening cash brought forward		2,146,057	1,095,938
Ending cash carried forward		<u>682,009</u>	<u>2,146,057</u>
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION			
Cash and Bank		<u>682,009</u>	<u>2,146,057</u>

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2003

1 STATEMENT OF ACCOUNTING POLICIES**Reporting Entity**

Waipa Networks Limited is a company registered under the Companies Act 1993. The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 (the Regulations) as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

Measurement Basis

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements.

Accounting Policies

The following accounting policies which materially affect the measurement of profit and the financial position have been applied:

a) Network Charges

Income from Network charges includes an estimated amount for accrued sales from meters unread as at 31 March 2003.

b) Fixed Assets

The Line Business has five classes of fixed assets as follows:

- Freehold Land
- Freehold Buildings
- Reticulation Assets
- Motor Vehicles
- Plant, Furniture & Fittings

The Reticulation Assets were revalued on an optimised depreciated replacement cost basis by independent valuers on 31 March 2001 and subsequently will be revalued at least every 3 years. Additions to the Reticulation Assets since revaluation are stated at cost.

Assets constructed by the line business are capitalised at direct cost plus a proportion of indirect overheads.

All other fixed assets are recorded at cost less accumulated depreciation.

WAIPA NETWORKS LIMITED - LINES BUSINESS

c) Capital Contributions

Contributions towards the cost of additions to the Reticulation Assets are recognised as income when received.

d) Depreciation

Land is not depreciated. Depreciation has been provided on other fixed assets using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

Depreciation on assets purchased during the year has been charged on a monthly basis from month of purchase.

Buildings	3.0%
Reticulation Assets	2.5%
Motor Vehicles	20.0%
Computers Equipment & Software	20.0%
Plant, Furniture & Fittings	10.0%

e) Receivables

Receivables are stated at their estimated realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

f) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method, and is accounted for using the partial basis.

A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

g) Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

WAIPA NETWORKS LIMITED - LINES BUSINESS

h) Financial Instruments

The Line Business includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, receivables, creditors and investments.

Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

i) Employee entitlements

Provision is made in respect of the Line Businesses liability for annual leave, long service leave and retirement gratuities. Where the qualifying criteria has been met these have been calculated on an actual entitlement basis at current rates of pay. Further provision has been made for long service and retirement gratuities where the qualifying criteria has not yet been met, bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until the 31 March 2003

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been consistently applied during the year.

	2003	2002
	\$	\$
2 NET SURPLUS BEFORE TAXATION		
After Charging:		
Direct Expenditure	1,927,280	1,448,878
Audit fees for these financial statements	4,875	5,302
Audit fees for Company financial statements	25,008	26,090
Directors' fees	106,665	97,696
Electricity Reform Costs	21,826	42,155
Other Indirect expenditure	949,483	922,402
Depreciation	1,293,294	1,271,755
Buildings	11,834	8,993
Reticulation Assets	1,189,865	1,149,942
Motor Vehicles	22,182	26,928
Plant, Furniture and Fittings	69,413	85,892
Net Gain on Disposal of Assets	(30,363)	(12,128)
Interest Paid	796,000	796,000
After Crediting:		
Interest Received	23,131	31,508

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003 \$	2002 \$
3 TAXATION		
Net surplus before taxation	870,651	1,000,829
Prima facie taxation at 33%	287,315	330,274
Plus Tax effect of permanent differences	392,655	379,481
Less Tax effect of timing differences not Recognised	(447,844)	(393,556)
Total Taxation Expense	<u>232,126</u>	<u>316,199</u>
The Taxation charge comprises:		
- current taxation	232,126	316,199
- deferred taxation	-	-
	<u>232,126</u>	<u>316,199</u>

A deferred tax liability of \$3,373,039 (2002 \$3,064,972), has not been recognised. This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

Imputation credit memorandum account.

Balance at the beginning of the year	1,217,240	933,750
Dividends Allocated	-	(113,153)
Taxation paid	108,648	396,643
Balance at end of year	<u>1,325,888</u>	<u>1,217,240</u>

4 SHARE CAPITAL

Balance at end of year	<u>-</u>	<u>-</u>
------------------------	----------	----------

At 31 March 2003 the company has 6,800,000 fully paid issued shares.

All shares carry equal voting rights and share in any surplus on winding up of the company equally.

None of the shares carry fixed dividend rights.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003 \$	2002 \$
5 REVALUATION OF ASSETS RESERVE		
Revaluation of Assets Reserve		
Balance at beginning of year	34,862,235	33,712,318
Asset Revaluation Reticulation	-	1,149,917
Balance at end of year	<u>34,862,235</u>	<u>34,862,235</u>
6 RETAINED EARNINGS		
Balance at beginning of year	5,359,933	4,675,303
Net Surplus after Taxation	638,525	684,630
Balance at end of year	<u>5,998,458</u>	<u>5,359,933</u>
7 RECEIVABLES		
Trade debtors	1,228,648	1,189,101
Accrued Interest Income	20	505
Prepayments	47,353	16,185
	<u>1,276,021</u>	<u>1,205,791</u>
8 CREDITORS		
Accounts payable and accruals - trade	589,669	2,122,551
Employee entitlements	62,723	66,293
Payables to Directors	-	364
	<u>652,392</u>	<u>2,189,208</u>

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003 \$	2002 \$
9 FIXED ASSETS		
Freehold Land		
Cost	1,610	1,610
Freehold Buildings		
Cost	895,861	867,012
Accumulated Depreciation	170,824	159,497
Net Book Value	<u>725,037</u>	<u>707,515</u>
Reticulation Assets		
Cost - additions since 1 April 2001	3,641,763	1,918,384
Valuation	44,944,031	44,944,031
	<u>48,585,794</u>	<u>46,862,415</u>
Accumulated Depreciation at cost	75,075	25,324
Accumulated Depreciation at valuation	2,247,202	1,123,601
Net Book Value	<u>46,263,517</u>	<u>45,713,490</u>
Motor Vehicles		
Cost	152,406	152,036
Accumulated Depreciation	109,227	87,045
Net Book Value	<u>43,179</u>	<u>64,991</u>
Plant, Furniture and Fittings		
Cost	1,105,243	1,026,719
Accumulated Depreciation	953,182	867,290
Net Book Value	<u>152,061</u>	<u>159,429</u>
Total Net Book Value	<u><u>47,185,404</u></u>	<u><u>46,647,035</u></u>

The Reticulation Assets were revalued by E W Graham, B.E. (Elect), F.I.P.E.N.Z. and PriceWaterhouseCoopers on 31 March 2001 to a value of \$44,944,031 on a optimised depreciated replacement cost basis.

The fair value of Land and Buildings is assessed at \$700,000 based on a valuation by Quotable Value New Zealand as at 1 September 2002 for GV purposes.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003 \$	2002 \$
10 TERM LIABILITIES		
Inter-business Loan - Other Business (9.95%)	8,000,000	8,000,000
Repayable between 2 and 5 years		

11 FINANCIAL INSTRUMENTS

Credit Risk

In the normal course of its business, Waipa Networks incurs credit risk from trade receivables from customers. Waipa Networks largest customer accounts for 68% (2002 87%) of total sales and 89% (2002 72%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and Waipa Networks generally does not require any collateral.

Waipa Networks places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board of Directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

Currency Risk

Waipa Networks has no exposure to currency risk.

Interest Rate Risk

Waipa Networks has no significant exposure to interest rate risk as its term loan has fixed interest rates. The interest rate on the term loan is disclosed in note 10.

Fair Value

The estimated fair value of Waipa Networks financial instruments at 31 March 2003 are stated in the Statement of Financial Position.

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Waipa Networks is currently under review by the Inland Revenue Department for the 1999, 2000 and 2001 income years. Any additional tax or penalties that may arise from this review cannot be quantified. (2002 Nil)

There are no commitments for future capital expenditure as at 31 March 2003 (2002 Nil).

WAIPA NETWORKS LIMITED - LINES BUSINESS

13 SEGMENTAL REPORTING

Waipa Networks operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand, and are therefore within one geographical segment for reporting purposes.

14 RELATED PARTIES

At balance date, the Waipa Networks Trust held 100 per cent of the shares in Waipa Networks Limited

All related party transactions in the accounts of Waipa Networks have been conducted on a commercial and arms length basis.

The contracting department of Waipa Networks has provided the following services at cost, including overheads, for the year ended 31 March 2003

	2003	2002
Construction of distribution lines & cables	477,052	388,666
Construction of medium voltage switchgear	107,482	117,794
Construction of distribution transformers	378,285	441,513
Construction of distribution substations	23,376	81,366
Construction of low voltage lines and cables	170,179	76,964
Construction of other system fixed assets	151,697	279,922
Maintenance of assets	1,262,862	826,352
Consumer connections and reconnections	6,196	5,569
Other services	44,346	43,419

The following transactions occurred between the line business and other business.

Interest paid to Other	796,000	796,000
------------------------	---------	---------

The line business has a loan from the other business refer note 10.

The amount outstanding at balance date was \$8,000,000 (2002 \$8,000,000).

At year end there were no other outstanding balances for related parties (2002 Nil).

No related party debt has been written off or forgiven during 2003 or 2002.

No provision has been made in the accounts for payment of a final dividend to the Waipa Networks Trust. (2002 Nil). No Interim dividends have been paid (2002 Nil).

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003	2002
	\$	\$
15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Reported Net Surplus after tax	638,525	684,630
Add (Less) Non Cash Items:		
Depreciation	1,293,294	1,271,755
Increase in Non-current Liabilities Leave Provisions	1,583	4,250
	<u>1,933,402</u>	<u>1,960,635</u>
Add (Less) Movements in Working Capital Items		
Decrease (Increase) in Tax Receivable	123,478	(80,444)
Increase in Receivables	(70,230)	(79,698)
Decrease (Increase) in Inventories	(82,219)	17,135
Decrease (Increase) in Accounts Payable	(1,533,246)	1,508,282
Increase (Decrease) in Leave Provisions	(3,570)	1,549
	<u>(1,565,787)</u>	<u>1,366,824</u>
	367,615	3,327,459
Add (Less) Items Classified as Investing Activities		
Net Loss (Gain) on Disposal of Assets	(30,363)	(12,128)
Increase in Creditors for Fixed Assets	74,206	11,738
Capital Contributions	(407,996)	(271,479)
	<u>(364,153)</u>	<u>(271,869)</u>
Net Cash Inflows from Operating Activities	<u><u>3,462</u></u>	<u><u>3,055,590</u></u>
 16 ODV RECONCILIATION REPORT		
System fixed assets at ODV at beginning of year	45,472,246	44,944,031
Add system fixed assets acquired during the year at ODV	2,165,508	1,971,952
Less system fixed assets disposed of during the year at ODV	7,141	29,962
Less depreciation system fixed assets at ODV	1,452,661	1,413,775
Add revaluations of system fixed assets	-	-
System fixed assets at ODV at end of year	<u><u>46,177,952</u></u>	<u><u>45,472,246</u></u>

WAIPA NETWORKS LIMITED - LINES BUSINESS

- 17 Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	2003 \$	2002 \$
Statement of Financial Position Disclosure (Schedule 1, Part 2)		
1 Current Assets		
(a) Cash and Bank balances	682,009	2,146,057
(b) Short-term investments	-	-
(c) Inventories	388,028	305,809
(d) Accounts receivable	1,228,648	1,189,101
(e) Other currents assets not listed in (a) to (d)	49,354	142,149
(f) Total current assets	2,348,039	3,783,116
2 Fixed Assets		
(a) System fixed assets	46,263,517	45,713,490
(b) Customer billing and information system assets	73,088	91,575
(c) Motor vehicles	43,179	64,991
(d) Office Equipment	78,973	67,854
(e) Land & Buildings	726,647	709,125
(f) Capital works under construction	-	-
(g) Other fixed assets not listed in (a) to (f)	-	-
(h) Total fixed assets	47,185,404	46,647,035
3 Other tangible assets not listed above	-	-
4 Total tangible assets	49,533,443	50,430,151
5 Intangible assets		
(a) Goodwill	-	-
(b) Other intangible not listed in (a)	-	-
(c) Total intangible assets	-	-
6 Total Assets	49,533,443	50,430,151
7 Current Liabilities		
(a) Bank Overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	652,392	2,189,208
(d) Provision for dividend payable	-	-
(e) Provision for income tax	-	-
(f) Other Current Liabilities not listed in (a) to (e)	-	-
(g) Total Current Liabilities	652,392	2,189,208
8 Non-current liabilities		
(a) Payables and accruals	20,358	18,775
(b) Borrowings	8,000,000	8,000,000
(c) Deferred tax	-	-
(d) Other Non-current Liabilities not listed in (a) to (c)	-	-
(e) Total Non-current Liabilities	8,020,358	8,018,775

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003 \$	2002 \$
9 Equity		
(a) Shareholders' equity		
(i) Share Capital	-	-
(ii) Retained Earnings	5,998,458	5,359,933
(iii) Reserves	34,862,235	34,862,235
(iv) Total Shareholders' equity	40,860,693	40,222,168
(b) Minority interests in subsidiaries	-	-
(c) Total Equity	40,860,693	40,222,168
(d) Capital notes	-	-
(e) Total capital funds	40,860,693	40,222,168
10 Total equity and liabilities	49,533,443	50,430,151

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

11 Operating revenue		
(a) Revenue from line/access charges	8,616,156	7,955,260
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Income from interest on bank & short-term investments	23,131	31,508
(d) AC loss-rental rebates	372,073	732,548
(e) Other operating revenue not listed in (a) to (d)	407,996	271,479
(f) Total operating revenue	9,419,356	8,990,795
12 Operating expenditure		
(a) Transmission Charges	3,454,636	3,391,816
(b) Transfer payments to "Other" business		
(i) Asset maintenance	1,262,862	826,352
(ii) Consumer disconnections and reconnections	6,196	5,569
(iii) Meter data	-	-
(iv) Consumer-based load control	44,346	43,419
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges for own generation	-	-
(vii) Other goods & services not listed in (i) to (vi) above	-	-
(viii) Total transfer payment to the "Other" business	1,313,404	875,340
(c) Payments to non-related entities		
(i) Asset maintenance	214,561	214,977
(ii) Consumer disconnections and reconnections	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control	-	-
(v) Royalty and patent expenses	-	-
(vi) Total of specified expenses to non-related parties	214,561	214,977
(d) Employee salaries, wages and redundancies	767,410	719,315
(e) Consumer billing and information system expense	43,980	43,484
(f) Depreciation on		
(i) System fixed assets	1,189,865	1,149,942
(ii) Other assets not listed in (i)	103,429	121,813
(iii) Total depreciation expense	1,293,294	1,271,755

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003	2002
	\$	\$
(g) Amortisation of		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	169,670	179,006
(i) Human resource expenses	42,678	44,505
(j) Marketing and advertising	105,041	83,526
(k) Merger and acquisition expenses	-	-
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	35,792	55,028
(o) Donations	-	-
(p) Directors fees	106,665	97,696
(q) Audit fees		
(i) Audit fees paid to principal auditors	29,883	31,392
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by auditors	-	-
(iv) Total auditors fees	29,883	31,392
(r) Costs of offering credit		
(i) Bad debts written off	-	-
(ii) Increase in estimated doubtful debts	-	-
(iii) Total costs of offering credit	-	-
(s) Local authority rates	63,102	3,970
(t) AC loss-rental (distribution of) expense	-	-
(u) Rebates to customers due to ownership interest	-	-
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	112,589	182,156
13 Total operating expenditure	7,752,705	7,193,966
14 Operating surplus before interest and income tax	1,666,651	1,796,829
15 Interest		
(a) Interest expense on borrowings	796,000	796,000
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total interest expense	796,000	796,000
16 Operating surplus before income tax	870,651	1,000,829
17 Income Tax	232,126	316,199
18 Net surplus after tax	638,525	684,630

WAIPA NETWORKS LIMITED - LINES BUSINESS

2003 2002 2001 2000

18 PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under regulation 15 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

1. Financial performance measures

(a) Return on funds	2.94%	3.25%	8.61%	7.28%
(b) Return on equity	0.93%	1.06%	5.27%	4.75%
(c) Return on investment	1.90%	2.02%	10.44%	4.58%

2. Efficiency performance measures:

(a) Direct line costs per kilometre	\$1,090	\$821	\$793	\$842
Direct Expenditure	\$1,927,280	\$1,448,878	\$1,387,316	\$1,586,594
System Length	1,768	1,764	1,749	1,885
(b) Indirect line costs per electricity customer	\$54	\$54	\$54	\$52
Indirect Expenditure	\$1,107,857	\$1,093,645	\$1,086,717	\$1,022,052
Total consumers	20,510	20,293	20,050	19,824

Disclosure of energy delivery efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

1. Energy Delivery efficiency performance measures:

(a) Load factor (=a/b*c*100)	66.79	65.23 *	62.41 *	60.33
a = kWh of electricity entering system	323,000,166	320,374,899 *	302,279,611 *	295,531,204
b = Maximum demand	55,206	56,064 *	55,290	55,766
c = Total number of hours in year	8,760	8,760	8,760	8,784
* Restated to adjust for Transpower metering error.				
(b) Loss ratio (=a/b*100)	6.23	6.19 *	6.40 *	6.69
a = losses in electricity in kWh	20,113,092	19,821,669 *	19,341,474 *	19,769,798
b = kWh of electricity entering system	323,000,166	320,374,899 *	302,279,611 *	295,531,204
* Restated to adjust for Transpower metering error.				
(c) Capacity utilisation (=a/b*100)	33.51	34.97 *	35.41	37.29
a = Maximum demand	55,206	56,064 *	55,290	55,766
b = Transformer Capacity	164,753	160,298	156,163	149,534
* Restated to adjust for Transpower metering error.				

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003	2002	2001	2000
2. Statistics				
(a) System Length				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	1,326	1,324	1,314	1,353
Circuit Kilometres 400V	442	440	435	532
Total	<u>1,768</u>	<u>1,764</u>	<u>1,749</u>	<u>1,885</u>
(b) System Length - Overhead				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	1,291	1,289	1,283	1,309
Circuit Kilometres 400V	361	361	360	402
Total Overhead	<u>1,652</u>	<u>1,650</u>	<u>1,643</u>	<u>1,711</u>
(c) System Length - Underground				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	35	35	31	44
Circuit Kilometres 400V	81	79	75	130
Total Underground	<u>116</u>	<u>114</u>	<u>106</u>	<u>174</u>
(d) Transformer Capacity (In Kilovolt Amperes)	164,753	160,298	156,163	149,534
(e) Maximum Demand	55,206	56,064 *	55,290	55,766
* Restated to adjust for Transpower metering error.				
(f) Total electricity entering the system before losses (in Kilowatt Hours)	323,000,166	320,374,899 *	302,279,611 *	295,531,204
* Restated to adjust for Transpower metering error.				
(g) Electricity conveyed from the system after losses for each retailer.				
Retailer 1	201,619,872	204,646,933 *	212,414,520 *	214,925,671
Retailer 2	8,937,740	6,999,505	4,003,304	2,098,842
Retailer 3	0	0	2,361,623	1,850,158
Retailer 4	75,576,369	65,328,222	56,868,568	55,857,859
Retailer 5	334,276	242,002	148,391	18,509
Retailer 6	5,605,676	1,966,284	1,155,591	230,985
Retailer 7	8,962,294	8,252,342	2,412,099	401,478
Retailer 8	1,850,847	13,117,942	3,574,041	377,904
	<u>302,887,074</u>	<u>300,553,230 *</u>	<u>282,938,137 *</u>	<u>275,761,406</u>
* Restated to adjust for Transpower metering error.				
(h) Total Customers	20,510	20,293	20,050	19,824

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003	2002	2001	2000	
Disclosure of reliability performance measures under regulation 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.					
1	Total number of interruptions				
	Class A - Planned - by Transpower	0	0	0	0
	Class B - Planned - by Waipa Networks	122	149	140	223
	Class C - Unplanned - by Waipa Networks	111	103	109	107
	Class D - Unplanned - by Transpower	1	1	1	2
	Class E - Unplanned - by Line Owner genera	0	0	0	0
	Class F - Unplanned - by other generation	0	0	0	0
	Class G - Unplanned - by another line owner	3	2	6	0
	Class H - Planned - by another line owner	0	0	0	0
	Class I - Any other loss of supply	0	0	0	0
	Total	237	255	256	332
2	Interruption targets for 2003 / 2004				
	Class B - Planned - by Waipa Networks	75			
	Class C - Unplanned - by Waipa Networks	103			
3	Average interruption targets for 2003 / 2004 to 2007 / 2008 years				
	Class B - Planned - by Waipa Networks	66			
	Class C - Unplanned - by Waipa Networks	98			
4	Proportion of Class C interruptions not restored within: (=a/b*100)				
	3 Hours	23%	30%	18%	18%
	a = number of interruptions restored within 3	25	31	20	19
	b = Total number of Class C interruptions	111	103	109	107
	24 Hours	0%	0%	0%	0%
	a = number of interruptions restored within 24	0	0	0	0
	b = Total number of Class C interruptions	111	103	109	107
5 (a)	The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
	11kV	8.37	7.78	8.30	7.91
(b)	Target for 2003 / 2004 year				
	11kV	7.77			
(c)	Average Target for 2003 / 2004 to 2007 / 2008 years				
	11kV	7.39			
6	The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
	11kV	0.00	0.00	3.23	2.27
7	The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
	11kV	8.60	7.99	8.42	8.10

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003	2002	2001	2000	
8	The SAIDI for the total number of interruption	247.32	374.96	280.18	300.44
9	SAIDI targets for 2003 / 2004				
	Class B - Planned - by Waipa Networks	38			
	Class C - Unplanned - by Waipa Networks	168			
10	Average SAIDI target for 2003 / 2004 to 2007 / 2008 years				
	Class B - Planned - by Waipa Networks	34			
	Class C - Unplanned - by Waipa Networks	154			
11	The SAIDI for the total number of interruptions within each interruption class				
	Class A - Planned - by Transpower	0.00	0.00	0.00	0.00
	Class B - Planned - by Waipa Networks	73.74	150.46	93.97	94.14
	Class C - Unplanned - by Waipa Networks	162.40	198.80	151.68	199.49
	Class D - Unplanned - by Transpower	4.49	20.17	26.90	6.81
	Class E - Unplanned - by Line Owner genera	0.00	0.00	0.00	0.00
	Class F - Unplanned - by other generation	0.00	0.00	0.00	0.00
	Class G - Unplanned - by another line owner	6.69	5.53	7.63	0.00
	Class H - Planned - by another line owner	0.00	0.00	0.00	0.00
	Class I - Any other loss of supply	0.00	0.00	0.00	0.00
12	The SAIFI for the total number of interruption	4.21	3.88	4.05	3.99
13	SAIFI targets for 2003 / 2004				
	Class B - Planned - by Waipa Networks	0.15			
	Class C - Unplanned - by Waipa Networks	2.54			
14	Average SAIFI target for 2003 / 2004 to 2007 / 2008 years				
	Class B - Planned - by Waipa Networks	0.14			
	Class C - Unplanned - by Waipa Networks	2.40			
15	The SAIFI for the total number of interruptions within each interruption class				
	Class A - Planned - by Transpower	0.00	0.00	0.00	0.00
	Class B - Planned - by Waipa Networks	0.32	0.62	0.44	0.63
	Class C - Unplanned - by Waipa Networks	3.23	2.62	2.85	2.22
	Class D - Unplanned - by Transpower	0.56	0.58	0.58	1.14
	Class E - Unplanned - by Line Owner genera	0.00	0.00	0.00	0.00
	Class F - Unplanned - by other generation	0.00	0.00	0.00	0.00
	Class G - Unplanned - by another line owner	0.10	0.06	0.18	0.00
	Class H - Planned - by another line owner	0.00	0.00	0.00	0.00
	Class I - Any other loss of supply	0.00	0.00	0.00	0.00

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2003	2002	2001	2000
16 The CAIDI for the total number of interruption	59	97	69	75
17 CAIDI targets for 2003 / 2004				
Class B - Planned - by Waipa Networks	250			
Class C - Unplanned - by Waipa Networks	66			
18 Average CAIDI Target for 2003 / 2004 to 2007 / 2008 years				
Class B - Planned - by Waipa Networks	250			
Class C - Unplanned - by Waipa Networks	64			
19 The CAIDI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	0	0	0	0
Class B - Planned - by Waipa Networks	232	245	215	150
Class C - Unplanned - by Waipa Networks	50	76	53	90
Class D - Unplanned - by Transpower	8	35	46	6
Class E - Unplanned - by Line Owner genera	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0
Class G - Unplanned - by another line owner	65	92	42	0
Class H - Planned - by another line owner	0	0	0	0
Class I - Any other loss of supply	0	0	0	0

WAIPA NETWORKS LIMITED - LINES BUSINESS

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	1,666,651				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	1,666,651				
Interest on cash, bank balances, and short-term investments (ISTI)	23,131				
OSBIT minus ISTI	1,643,520	a	1,643,520		1,643,520
Net surplus after tax from financial statements	638,525	n		638,525	
Net surplus after tax adjusted pursuant to regulation 18	638,525	g	add	add	add
Amortisation of goodwill and amortisation of other intangibles	0	s	add	add	add
Subvention payment	0				
Depreciation of SFA at BV (x)	1,189,865				
Depreciation of SFA at ODV (y)	1,452,661				
ODV depreciation adjustment	-262,796	d	add	-262,796	-262,796
Subvention payment tax adjustment	0	s†	deduct	deduct	deduct
Interest tax shield	255,047	q			255,047
Revaluations	0	r			0
Income tax	232,126	p			232,126
Numerator			OSBIT ^{ADJ} = a + g + s + d	NSAT ^{ADJ} = n + g + s - s† + d	OSBIT ^{ADJ} = a + g + q + r + s + d - p - s†
Fixed assets at end of previous financial year (FA ₀)	46,647,035				
Fixed assets at end of current financial year (FA ₁)	47,185,404				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-678,113				
Adjusted net working capital at end of current financial year (ANWC ₁)	1,011,637				
Average total funds employed (ATFE)	47,082,982 (or regulation 33 time-weighted average)	c	47,082,982		47,082,982
Total equity at end of previous financial year (TE ₀)	40,222,168				
Total equity at end of current financial year (TE ₁)	40,860,693				
Average total equity	40,541,431 (or regulation 33 time-weighted average)	k		40,541,431	
WUC at end of previous financial year (WUC ₀)	0				
WUC at end of current financial year (WUC ₁)	0				
Average total works under construction	0	e	deduct	deduct	deduct

WAIPA NETWORKS LIMITED - LINES BUSINESS

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

Derivation Table	Input and Calculations (or regulation 33 time-weighted average)	Symbol in formula	ROF	ROE	ROI
Revaluations Half of revaluations	0 0	r r/2			deduct 0
Intangible assets at end of previous financial year (IA ₀) Intangible assets at end of current financial year (IA ₁) Average total intangible asset	0 0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year (S ₀) Subvention payment at end of current financial year (S ₁) 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	0 0 0 0 0	v		add 0	
System fixed assets at end of previous financial year at book value (SFA _{bv0}) System fixed assets at end of current financial year at book value (SFA _{bv1}) Average value of system fixed assets at book value	45,713,490 46,263,517 45,988,504 (or regulation 33 time-weighted average)	f	deduct 45,988,504	deduct 45,988,504	deduct 45,988,504
System Fixed assets at year beginning at ODV value (SFA _{odv0}) System Fixed assets at end of current financial year at ODV value (SFA _{odv1}) Average value of system fixed assets at ODV value	45,472,246 46,177,952 45,825,099 (or regulation 33 time-weighted average)	h	add 45,825,099	add 45,825,099	add 45,825,099
Denominator			46,919,577 ATFE ^{ADJ} = c - e - f + h	40,378,026 Ave TE ^{ADJ} = k - e - m + v - f + h	46,919,577 ATFE ^{ADJ} = c - e - 1/2f - f + h
Financial Performance Measure:			ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 2.94	ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100 0.93	ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 1.90

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





Audit New Zealand

REPORT OF THE AUDITOR-GENERAL TO THE READERS OF THE FINANCIAL STATEMENTS OF WAIPA NETWORKS LIMITED FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Waipa Networks Limited on pages 1 to 15. The financial statements provide information about the past financial performance of Waipa Networks Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 4 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 Waipa Networks Limited as at 31 March 2003, and results of operations and cash flows for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Regulation 31 of the Electricity (Information Disclosure) Regulations 1999 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed B H Halford 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 Waipa Networks Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

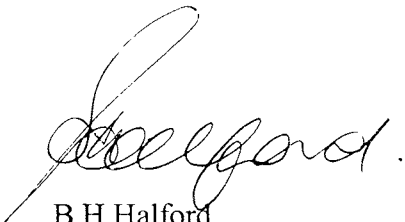
Unqualified Opinion

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

In our opinion —

- ▲ proper accounting records have been kept by Waipa Networks Limited as far as appears from our examination of those records; *and*
- ▲ the financial statements on pages 1 to 15 —
 - (a) comply with generally accepted accounting practice; *and*
 - (b) give a true and fair view of the financial position of Waipa Networks Limited as at 31 March 2003 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 24 June 2003 and our unqualified opinion is expressed as at that date.



B H Halford
Audit New Zealand
On behalf of the Controller and Auditor-General
Hamilton, New Zealand





Audit New Zealand

AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF WAIPA NETWORKS LIMITED

We have examined the information on pages 12, 16, 21 and 22, being —

- (a) the derivation table in regulation 16;
- (b) the annual ODV reconciliation report in regulation 16A;
- (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 Waipa Networks Limited and dated 24 June 2003 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.

B H Halford
Audit New Zealand
On behalf of the Controller and Auditor-General
Hamilton, New Zealand
24 June 2003