



New Zealand Gazette

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NORTHPOWER LIMITED

INFORMATION FOR DISCLOSURE

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

Northpower

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

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

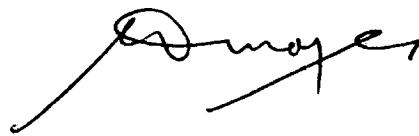
- (a) The attached audited financial statements of Northpower Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those Regulations; and
- (b) The attached information, being the derivation table, financial performance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

Dated this 21st day of August 2003.



Director



Director



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF NORTHPOWER LIMITED FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Northpower Limited on pages 1 to 8 and 11 to 13. The financial statements provide information about the past financial performance of Northpower Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 1 and 2.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements that give a true and fair view of the financial position of Northpower Limited as at 31 March 2003 and the results of its 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 Karen MacKenzie, 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 Northpower Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate 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 Auditor-General, we have no relationship with or interests in Northpower Limited.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by Northpower Limited as far as appears from our examination of those records; and
- the financial statements of Northpower Limited on pages 1 to 8 and 11 to 13:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the financial position of Northpower Limited as at 31 March 2003 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 21 August 2003 and our unqualified opinion is expressed as at that date.



Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Whangarei, New Zealand

NORTHPOWER LTD**STATEMENT OF ACCOUNTING POLICIES**

For The Year Ended 31 March 2003

Reporting Entity

Northpower Ltd is a company formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. It is a reporting entity for the purposes of the Financial Reporting Act 1993.

The financial statements have been prepared for the sole purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.

Measurement Base

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

Particular Accounting Policies

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

- (i) **Sales**
Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Line Company for goods and services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.
- (ii) **Investments**
Investments are stated at cost.
- (iii) **Properties Intended For Sale**
Properties intended for sale are classified as current assets if sale is expected within 1 year. Such properties are shown at carrying value unless this exceeds net realisable value.
- (iv) **Cost of Fixed Assets**
All fixed assets are initially recorded at cost.

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

The cost of assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of production overhead. Costs cease to be capitalised as soon as the asset is ready for productive use.

Land and buildings have been revalued to fair value based on a valuation conducted by Telfer Young (Northland) Ltd, Registered Valuers of Whangarei, as at 31 March 2003.

Distribution system assets have been revalued to Depreciated Replacement Cost (DRC) as at 31 March 2001, based on a valuation conducted by PriceWaterhouseCoopers, Registered Valuers, as at 31 March 2001.

Land and buildings, and distribution system assets, are revalued by independent registered valuers on a five-yearly basis. Valuations will be undertaken more regularly if necessary to ensure no individual item of property, plant and equipment within a class is included at a valuation that is not materially different from its fair value.

Additions between revaluations are recorded at cost.

(v) Depreciation

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:-

Distribution system:

Lines/transformers/substations	45-70 years
Distribution switchgear	35-55 years
Communication/SCADA	15 years
Buildings - Structural	50 years
- Electrical and Mechanical	20 years
- Other	10 years
Motor vehicles	5-10 years
Plant and equipment	3-20 years

(vi) Inventories

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is principally determined on a weighted average basis.

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

(vii) Debtors

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

(viii) Taxation

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

The Company follows the liability method of accounting for deferred taxation.

Future taxation benefits attributable to losses carried forward, or timing differences, are recognised in the financial statements only where there is virtual certainty of realisation.

(ix) Research and Development Costs

Research and development costs are normally expensed in the period incurred except that development costs are deferred where future benefits are expected to exceed these costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

(x) Financial Instruments

The Line Company is party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, accounts receivable, creditors, and short term deposits. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

Northpower has limited its exposure to credit risk in respect of its investments by only investing in institutions with a high credit rating, and limiting the amount that can be invested in any one institution. Northpower believes this policy reduces the risk of any loss which could arise from its investing activities.

(xi) GST

These Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are GST inclusive.

(xii) Employee Entitlements

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

Changes in Accounting Policies:

There have been no changes in accounting policies. The policies have been applied on a basis consistent with previous years.

NORTHPOWER LIMITED

STATEMENT OF FINANCIAL PERFORMANCE - LINE BUSINESS

For the Year Ended 31 March 2003

	Notes	2003 \$000's	2002 \$000's
Operating Revenue	1	<u>\$29,474</u>	<u>\$27,820</u>
Operating Surplus Before Taxation	2	8,799	7,346
Taxation Expense	4	(2,322)	(2,414)
Net Surplus After Taxation		<u>\$6,477</u>	<u>\$4,932</u>

STATEMENT OF MOVEMENTS IN EQUITY - LINE BUSINESS

For the Year Ended 31 March 2003

		2003 \$000's	2002 \$000's
Opening Equity		119,099	115,775
Net Surplus for Period		6,477	4,932
Revaluation of Assets	7	129	-
Dividends		(3,264)	(1,608)
Closing Equity		<u>\$122,441</u>	<u>\$119,099</u>

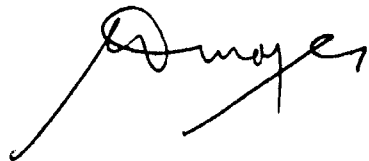
The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

STATEMENT OF FINANCIAL POSITION - LINE BUSINESS

As At 31 March 2003

	Notes	2003 \$000's	2002 \$000's
EQUITY:			
Share Capital	6	27,739	27,739
Asset Revaluation Reserve	7	82,190	82,061
Retained Earnings	8	12,512	9,299
TOTAL EQUITY		\$122,441	\$119,099
NON CURRENT LIABILITIES			
Employee Entitlements		174	121
		\$174	\$121
CURRENT LIABILITIES			
Bank Overdraft		-	-
Sundry Creditors		2,063	1,534
GST Payable		56	31
Provision for Dividend		3,264	1,608
Employee Entitlements		127	133
TOTAL CURRENT LIABILITIES		\$5,510	\$3,306
		\$128,125	\$122,526
NON CURRENT ASSETS			
Term Receivables		114	571
Fixed Assets	5	118,717	118,500
		\$118,831	\$119,071
CURRENT ASSETS			
Cash and Bank		1	169
Short Term Deposits		5,266	-
Accounts Receivable		3,299	3,045
Inventory		483	222
Tax Refund Due		245	19
TOTAL CURRENT ASSETS		\$9,294	\$3,455
		\$128,125	\$122,526



 DIRECTOR

Date: 21 August 2003



 DIRECTOR

Date: 21 August 2003

The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

STATEMENT OF CASH FLOWS - LINE BUSINESS

For the Year Ended 31 March 2003

	Notes	2003 \$000's	2002 \$000's
Cash Flows from Operating Activities -			
Cash was provided from:			
Receipts from Customers		29,080	27,608
Interest Received		140	50
Tax Refund		-	-
Cash was distributed to:			
Payments to Suppliers		(14,253)	(14,810)
Payments to Employees		(2,248)	(2,011)
Interest Paid		(3)	(23)
Income Tax Paid		(2,548)	(2,090)
Net Cash Inflow from Operating Activities	9	<u><u>\$10,168</u></u>	<u><u>\$8,724</u></u>
Cash Flows from Investing Activities -			
Cash was provided from:			
Term Receivable		457	200
Sale of Assets		-	-
Cash was applied to:			
Short Term Deposits		(5,266)	
Purchase of Fixed Assets		(3,919)	(5,451)
Net Cash Inflow from Investing Activities		<u><u>(\$8,728)</u></u>	<u><u>(\$5,251)</u></u>
Cash Flows from Financing Activities -			
Cash was applied to:			
Dividends		(1,608)	(3,000)
Net Cash Outflow from Financing Activities		<u><u>(1,608)</u></u>	<u><u>(3,000)</u></u>
Net Increase (Decrease) in Cash Held		(168)	473
Add Opening Cash Brought Forward		169	(304)
Ending Cash Carried Forward		<u><u>\$1</u></u>	<u><u>\$169</u></u>

The accompanying Notes and Accounting Policies form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2003

	Line Business	
	2003 \$000's	2002 \$000's
1. Operating Revenue		
Line Charges	26,667	25,344
Loss Rental Rebate	857	1,607
Line Contributions	1,787	796
Interest Received	140	50
Sundry Income	23	23
	<u>\$29,474</u>	<u>\$27,820</u>
2. Operating Surplus Before Tax After Charging:		
Bad Debts Written Off	-	-
Depreciation - System Assets	3,292	3,113
- Centralised Load Equipment	109	105
- Computer Equipment	184	103
- Plant and Equipment	150	400
- Motor Vehicles	19	13
- Buildings	77	72
Directors' Fees	84	82
Interest	3	23
Rental and Operating Lease Costs	1	1
Research and Development	24	23
Donations	-	-
Gain (Loss) on Sale of Assets	(1)	-
3. Auditors' Remuneration		
Auditing Financial Statements	12	12
Other Services	3	3
4. Taxation		
Operating Surplus Before Taxation	8,799	7,346
Prima Facie Taxation @ 33%	2,904	2,424
Plus Tax Effect of Permanent Differences:-		
Permanent Differences	672	955
Timing differences not recognised	(764)	(1,093)
Prior Period Adjustment	(490)	128
Deferred Tax Adjustment	-	-
Tax on Profits for Year	<u>\$2,322</u>	<u>\$2,414</u>
The Taxation Charge is Represented by:-		
Current Taxation	2,322	2,414
Deferred Taxation	-	-
	<u>\$2,322</u>	<u>\$2,414</u>
Imputation Credit Account:		
Opening Balance	5,124	4,511
Imputation Credits Attached to Dividends Paid	(792)	(1,477)
Income Tax Payments During Year	2,548	2,090
	<u>\$6,880</u>	<u>\$5,124</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2003 \$000's	2002 \$000's
5. Fixed Assets		
System Assets - At Valuation	109,077	109,077
- At Cost	7,035	4,124
- Under Construction	1,074	203
Less Accumulated Depreciation	<u>(6,393)</u>	<u>(3,113)</u>
	<u>\$110,793</u>	<u>\$110,291</u>
Centralised Load Equipment - At Valuation	2,143	2,143
- At Cost	19	-
Less Accumulated Depreciation	<u>(214)</u>	<u>(105)</u>
	<u>\$1,948</u>	<u>\$2,038</u>
Computer Equipment - At Cost	1,085	1,023
Less Accumulated Depreciation	<u>(922)</u>	<u>(738)</u>
	<u>\$163</u>	<u>\$285</u>
Plant and Equipment - At Cost	1,825	1,799
Less Accumulated Depreciation	<u>(991)</u>	<u>(842)</u>
	<u>\$834</u>	<u>\$957</u>
Motor Vehicles - At Cost	249	243
Less Accumulated Depreciation	<u>(180)</u>	<u>(185)</u>
	<u>\$69</u>	<u>\$58</u>
Buildings - At Valuation	3,350	3,847
- At Cost	104	-
Less Accumulated Depreciation	<u>(13)</u>	<u>(81)</u>
	<u>\$3,441</u>	<u>\$3,766</u>
Land - At Valuation	<u>\$1,469</u>	<u>\$1,105</u>
Total Fixed Assets	<u>\$118,717</u>	<u>\$118,500</u>
6. Share Capital:		
Authorised, issued and paid up capital	<u>27,739</u>	<u>27,739</u>
Total Issued and Paid Up Capital	<u>\$27,739</u>	<u>\$27,739</u>
7. Asset Revaluation Reserve:		
Distribution System - Opening Balance	77,044	77,044
- Revaluation	-	-
- Closing Balance	<u>\$77,044</u>	<u>\$77,044</u>
Buildings - Opening Balance	4,411	4,411
- Revaluation	(235)	-
- Closing Balance	<u>\$4,176</u>	<u>\$4,411</u>
Land - Opening Balance	606	606
- Revaluation	364	-
- Closing Balance	<u>\$970</u>	<u>\$606</u>
8. Retained Earnings:		
Opening Balance	9,299	5,975
Net Surplus After Taxation	<u>6,477</u>	<u>4,932</u>
Total Available for Appropriation	15,776	10,907
Dividends	<u>(3,264)</u>	<u>(1,608)</u>
Closing Balance	<u>\$12,512</u>	<u>\$9,299</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2003	2002
	\$000's	\$000's
9. Reconciliation of Net Surplus After Taxation with Cash Inflow from Operating Activities:		
Net Surplus After Taxation	6,477	4,932
Add (less) Non Cash Items:		
Depreciation	3,831	3,806
Movements in Working Capital		
Increase (Decrease) in Creditors	601	(187)
(Increase) Decrease in Taxation Refund	(226)	324
(Increase) Decrease in Accounts Receivable	(254)	(162)
(Increase) Decrease in Inventory	(261)	11
Net Cash Flow from Operating Activities	<u>\$10,168</u>	<u>\$8,724</u>

10. Financial Instruments:

Financial Instruments which potentially subject the company to credit risk principally consist of cash bank balances, short term deposit, and accounts receivable. Northpower does not generally require collateral from customers.

Northpower places its cash and short term deposits with high credit quality financial institutions (A1 or better), and limits the amount of credit exposure to any one institution, in accordance with Company policy.

The fair value of all financial instruments is approximated by the carrying value recorded in the Statement of Financial Position.

11. Segment Information:

Northpower Ltd operates predominantly in the electricity network industry within the Northland area. Therefore, there is no segmental information.

12. Contingent Liabilities:

There are no contingent liabilities (2002 \$Nil)

13. Commitments:

2003	2002
<u>687</u>	Nil

14. Related Parties:

The Northpower Electric Power Trust is the sole shareholder.

Northpower's Contracting Division provided the following services to the Network Division:-

	2003	2002
	\$000'S	\$000'S
(i) Maintenance of Assets	<u>3,366</u>	2,688
(ii) Consumer disconnections/reconnections	15	0
(iii) Other Services	873	960
Construction of New Assets:-		
(a) Subtransmission Assets	64	948
(b) Zone Substations	498	602
(c) Distribution Lines and Cables	209	71
(d) Medium Voltage Switchgear	20	117
(e) Distribution Transformers	315	189
(f) Distribution Substations	0	0
(g) Low Voltage Reticulation	28	237

Network Maintenance and Capital Works are charged in accordance with a Fixed Term Contract.

DISCLOSURE OF FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES PURSUANT TO REGULATION 15 AND PART 3 OF THE FIRST SCHEDULE OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999.

1. Financial Performance Measures	2003	2002	2001	2000
(a) Return on Funds	7.3%	6.2%	5.7%	5.7%
(b) Return on Equity	5.4%	4.2%	3.9%	6.7%
(c) Return on Investment	5.5%	4.1%	0.5%	6.6%

2. Efficiency Performance Measures	2003	2002	2001	2000
(a) Direct line cost per kilometre	\$1,041	\$1,044	\$965	\$1,057
(b) Indirect line cost per electricity customer	\$38	\$45	\$34	\$43

DISCLOSURE OF RECONCILIATION OF ODV VALUATION PURSUANT TO REGULATION 16A OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	2003	2002	2001	2000
	\$000's	\$000's	\$000's	\$000's
ODV Valuation 1 April	111,840	110,934	114,366	113,903
Additions for Year	3,187	4,124	4,074	4,134
Disposals for Year	-	-	-	-
Annual Depreciation	(3,401)	(3,218)	(3,645)	(3,671)
Revaluations	-	-	(3,861)	-
ODV Valuation 31 March	111,626	111,840	110,934	114,366

DISCLOSURE OF ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS PURSUANT TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

1. Energy Delivery Efficiency Performance Measures	2003	2002	2001	2000
(a) Load Factor	77.38%	74.85%	74.85%	73.18%
(b) Loss Ratio	3.13%	4.50%	2.00%	3.33%
Loss Ratio Estimated	* 3.70%	* 3.60%	*3.50%	
(c) Capacity Utilisation	32.35%	32.70%	32.59%	33.47%
				* Estimated
2. Statistics				
(a) System length, broken down by voltage:				
- 33 kV	230.4 km	229.6 km	208.0 km	202.6 km
- 11 kV	3,194.1 km	3,137.0 km	3143.0 km	3366.0 km
- 400V	2,006.0 km	1,970.0 km	1933.0 km	1708.9 km
- Total	<u>5,430.5 km</u>	<u>5,336.6 km</u>	<u>5284.0 km</u>	<u>5277.5 km</u>
(b) Circuit length of overhead lines, broken down by voltage:				
- 33 kV	213.0 km	213.0 km	195.0 km	190.0 km
- 11 kV	3,097.0 km	3,050.0 km	3065.0 km	3292.0 km
- 400V	1,733.0 km	1,716.0 km	1697.0 km	1510.5 km
- Total	<u>5,043.0 km</u>	<u>4,979.0 km</u>	<u>4957.0 km</u>	<u>4992.5 km</u>
(c) Circuit length of underground cables broken down by voltage:				
- 33 kV	17.4 km	16.6 km	13.0 km	12.6 km
- 11 kV	97.1 km	87.0 km	78.0 km	74.0 km
- 400V	273.0 km	254.0 km	236.0 km	198.4 km
- Total	<u>387.5 km</u>	<u>357.6 km</u>	<u>327.0 km</u>	<u>285.0 km</u>
(d) Transformer capacity	406,685 kVA	397,445 kVA	393,000 kVA	386,198 kVA
(e) Maximum demand	131,560 kW	129,978 kW	128,094 kW	129,256 kW
(f) Total electricity supplied from the system - kWh	891,815,703	852,225,151	*839,887,658	*828,617,273
				*Restated to include Losses
(g) Total electricity conveyed through the system for other retailers				
- Meridian Energy	322,048,156	265,038,676	*313,346,059	*640,423,443
- Trust Power	136,055,824	155,862,292	*193,856,714	*95,906,226
- Mercury Energy	0	0	*6,652,475	*3,321,802
- On Energy	2,359,302	181,022,296	*269,077,267	*59,407,461
- Genesis	262,402,357	182,238,158	*32,259,752	*1,426,595
- Energy Waikato	0	6,678,958	*6,213,760	*359,284
- Mighty River	113,104,961	15,016,205	*232,208	*136,085
- Empower	1,538,915	192,485	*676,579	*22,153
- Contact Energy	26,420,176	7,758,292	*746,956	*360
				*Restated to exclude losses
(h) Total Customers	47,785	46,712	45,589	44,674

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6
OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

	2003 \$000's	2002 \$000's	2001 \$000's
1. Current Assets			
(a) Cash and Bank Balances	1	169	-
(b) Short Term Investments	5,266	-	-
(c) Inventories	483	222	233
(d) Accounts Receivable	3,299	3,045	2,883
(e) Other Current Assets Not Listed in (a) to (d)	245	19	343
(f) Total Current Assets	<u>9,294</u>	<u>3,455</u>	<u>3,459</u>
2. Fixed Assets			
(a) System Fixed Assets	111,667	112,126	111,220
(b) Customer Billing and Information system Assets	163	285	381
(c) Motor Vehicles	69	58	79
(d) Office Equipment	99	109	121
(e) Land and Buildings	4,910	4,871	4,639
(f) Capital Works Under Construction	1,074	203	-
(g) Other Fixed Assets Not Listed in (a) to (f)	735	848	415
(h) Total Fixed Assets	<u>118,717</u>	<u>118,500</u>	<u>116,855</u>
3. Other Tangible Assets Not Listed Above	<u>114</u>	<u>571</u>	<u>771</u>
4. Total Tangible Assets	<u>128,125</u>	<u>122,526</u>	<u>121,085</u>
5. Intangible Assets			
(a) Goodwill	-	-	-
(b) Other intangibles not listed in (a)	-	-	-
(c) Total Intangible Assets	-	-	-
6. Total Assets	<u>128,125</u>	<u>122,526</u>	<u>121,085</u>
7. Current Liabilities			
(a) Bank Overdraft	-	-	304
(b) Short Term Borrowings	-	-	-
(c) Payables and Accruals	2,246	1,698	1,902
(d) Provision for Dividend Payable	3,264	1,608	3,000
(e) Provision for Income Tax	-	-	-
(f) Other Current Liabilities Not Listed in (a) to (e)	-	-	-
(g) Total Current Liabilities	<u>5,510</u>	<u>3,306</u>	<u>5,206</u>
8. Non-current Liabilities			
(a) Payables and Accruals	174	121	104
(b) Borrowings	-	-	-
(c) Deferred Tax	-	-	-
(d) Other Non-current Liabilities Not Listed in (a) to (c)	-	-	-
(e) Total Non-current Liabilities (sum of (a) to (d))	<u>174</u>	<u>121</u>	<u>104</u>

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2
Continued

	2003 \$000's	2002 \$000's	2001 \$000's
9. Equity			
(a) Shareholders' Equity:-			
(i) Share capital	27,739	27,739	27,739
(ii) Retained earnings	12,512	9,299	5,975
(iii) Reserves	82,190	82,061	82,061
(iv) Total Shareholders' Equity (sum of (i) to (iii))	<u>122,441</u>	<u>119,099</u>	<u>115,775</u>
(b) Minority Interests in Subsidiaries	-	-	-
(c) Total Equity (sum of (a) and (b))	<u>122,441</u>	<u>119,099</u>	<u>115,775</u>
(d) Capital Notes	-	-	-
(e) Total Capital Funds (sum of (c) and (d))	<u>122,441</u>	<u>119,099</u>	<u>115,775</u>
10. Total Equity and Liabilities (Total Assets)	128,125	122,526	121,085
11. Operating Revenue			
(a) Revenue from line/access charges	27,524	26,953	25,377
(b) Revenue from "Other" business (transfer payment)	-	-	-
(c) Interest on Cash, Bank Balances and Short Term Investments	140	50	128
(d) AC Loss-Rental Rebates	857	1,607	1,562
(e) Other Operating Revenue Not Listed in (a) to (d)	1,810	819	1,355
(f) Total Operating Revenue	<u>30,331</u>	<u>29,429</u>	<u>28,422</u>
12. Operating Expenditure			
(a) Payment for Transmission Charges	9,376	9,003	9,445
(b) Transfer Payments to the "other" business for:-			
(i) Asset maintenance	3,366	2,688	2,370
(ii) Consumer disconnection/reconnection services	15	-	20
(iii) Meter data	-	-	-
(iv) Consumer-based load control services	-	-	-
(v) Royalty and patent expenses	-	-	-
(vi) Avoided transmission charges on account of own generation	-	-	-
(vii) Other goods and services not listed in (i) to (vi)	873	960	771
(viii) Total transfer payment to the 'Other' business (sum of (i) to (vii))	<u>4,254</u>	<u>3,648</u>	<u>3,161</u>
(c) Expense to Entities That Are Not Related Parties for:-			
(i) Asset maintenance	259	360	320
(ii) Consumer disconnection/reconnection services	-	-	-
(iii) Meter data	-	-	-
(iv) Consumer-based load control services	-	-	-
(v) Royalty and patent expenses	-	-	-
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	<u>259</u>	<u>360</u>	<u>320</u>
(d) Employee Salaries, Wages and Redundancies	1,879	2,011	1,831
(e) Consumer Billing and Information System Expense	113	294	251
(f) Depreciation On:-			
(i) System fixed assets	3,401	3,218	3,509
(ii) Other assets not listed in (i)	430	588	280
(iii) Total depreciation (sum of (i) and (ii))	<u>3,831</u>	<u>3,806</u>	<u>3,789</u>

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER REGULATION 6 OF THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999, SCHEDULE 1 PART 2

Continued

	2003 \$000's	2002 \$000's	2001 \$000's
12. Operating Expenditure continued			
(g) Amortisation of:-			
(i) Goodwill	-	-	-
(ii) Other intangibles	-	-	-
(iii) Total amortisation of intangibles (sum of (i) and (ii))	<u>-</u>	<u>-</u>	<u>-</u>
(h) Corporation and Administration	535	705	706
(i) Human Resources Expenses	-	-	-
(j) Marketing/Advertising	108	295	153
(k) Merger and Acquisition Expenses	-	-	-
(l) Takeover Defence Expenses	-	-	-
(m) Research and Development Expenses	24	23	7
(n) Consultancy and Legal Expenses	176	190	108
(o) Donations	-	-	-
(p) Directors' Fees	84	82	76
(q) Auditors' Fees			
(i) Audit fees paid to principal auditors	12	12	15
(ii) Audit fees paid to other auditors	-	-	-
(iii) Fees paid for other services provided by principal and other auditors	3	3	3
(iv) Total auditors' fees (sum of (i) to (iii))	<u>15</u>	<u>15</u>	<u>18</u>
(r) Cost of Offering Credit			
(i) Bad debts written off	-	-	-
(ii) Increase in estimated doubtful debts	-	-	-
(iii) Total cost of offering credit (sum of (i) to (ii))	<u>-</u>	<u>-</u>	<u>-</u>
(s) Local Authority Rates Expense	18	19	36
(t) AC Loss-Rental Rebates (Distribution to Retailers/Customers) expense	857	1,609	1,562
(u) Rebates to Consumers Due to Ownership Interest	-	-	-
(v) Subvention Payments	-	-	-
(w) Unusual Expenses	-	-	-
(x) Other Expenditure Not Listed in (a) to (w)	-	-	-
13. Total Operating Expenditure (sum of 12 (a) to 12 (x))	21,529	22,060	21,463
14. Operating Surplus Before Interest and Income Tax	8,802	7,369	6,959
15. Interest Expense			
(a) Interest expense on borrowings	3	23	4
(b) Financing charges related to finance leases	-	-	-
(c) Other interest expense	-	-	-
(d) Total Interest Expense (sum of (a) to (c))	<u>3</u>	<u>23</u>	<u>4</u>
16. Operating Surplus Before Income Tax (14 - 15 (d))	8,799	7,346	6,955
17. Income Tax	(2,322)	(2,414)	(2,231)
18. Net Surplus After Tax (16 - 17)	6,477	4,932	4,724

Note: Items 11 (a) and 12 (t) have been amended since last year's disclosure.

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22 OF THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
1. Total Number of Interruptions				
Class A - Planned - by Transpower	0	1	0	1
Class B - Planned - by Line Owners	160	225	209	271
Class C - Unplanned - by Line Owners	361	271	312	267
Class D - Unplanned - by Transpower	2	0	2	3
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other Generation	0	0	0	0
Class G - Any Other Loss of Supply	0	0	0	0
Total	<u>523</u>	<u>497</u>	<u>523</u>	<u>542</u>
2. Interruption Targets for 2003/2004				
Class B - Planned - by Line Owners	200	210	220	
Class C - Unplanned - by Line Owners	240	240	250	
3. Average Interruption Targets for Next 5 Yrs				
Class B - Planned - by Line Owners	170	180	200	
Class C - Unplanned - by Line Owners	190	190	200	
4. Proportion of Class C Interruptions not restored within	3 Hrs	15.7%	14.4%	15.7%
	24 Hrs	0%	0%	0%
5. (a) Total No. of Faults per 100 circuit kilometres of prescribed voltage electric line	11 kV	10.74	8.54	9.51
	33 kV	9.57	2.17	6.73
	Total	<u>10.66</u>	<u>8.11</u>	<u>9.34</u>
(b) Target for 2003/2004 Year	11 kV	7.50	7.50	7.70
	33 kV	2.00	2.00	1.60
	Total	<u>7.12</u>	<u>7.12</u>	<u>7.32</u>
(c) Average Target for 2003/2004 to 2007/2008 years	11 kV	5	5	5
	33 kV	2	2	2
	Total	<u>5</u>	<u>5</u>	<u>5</u>
6. Total No. of Faults per 100 circuit kilometres of underground prescribed voltage electric line	11 kV	1.03	2.30	2.56
	33 kV	0.00	0.00	0.00
	Total	<u>0.88</u>	<u>1.92</u>	<u>2.20</u>
7. Total No. of Faults per 100 circuit kilometres of overhead prescribed voltage electric line	11 kV	11.04	8.72	9.69
	33 kV	10.33	2.35	7.18
	Total	<u>11.00</u>	<u>8.31</u>	<u>9.54</u>
8. The SAIDI for the total No. of Interruptions		181.83	219.86	182.52
				131.21
9. SAIDI Targets for 2003/04				
Class B - Planned - by Line Owners		30	30	35
Class C - Unplanned - by Line Owners		100	100	107
10. Average SAIDI Target for 2003/4 to 2007/8 Yrs				
Class B - Planned - by Line Owners		30	30	30
Class C - Unplanned - by Line Owners		85	85	90

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER REGULATION 22 OF THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

Continued

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
11. SAIDI For Total No. of Interruptions within each Interruption Class				
Class A - Planned - by Transpower	0	31.24	0	20.55
Class B - Planned - by Line Owners	31.96	53.53	29.5	31.73
Class C - Unplanned - by Line Owners	140.53	135.09	129.63	77.24
Class D - Unplanned - by Transpower	9.73	0	23.39	1.69
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0
Class G - any other loss of supply	0	0	0	0
12. SAIFI for the Total No. of Interruptions	4.07	2.94	3.49	2.38
13. SAIFI Targets for 2003/04				
Class B - Planned - by Line Owners	0.27	0.27	0.28	
Class C - Unplanned - by Line Owners	2.5	2.5	2.7	
14. Av. SAIFI target for 2003/04 and 2007/08 Yrs				
Class B - Planned - by Line Owners	0.27	0.27	0.27	
Class C - Unplanned - by Line Owners	2.5	2.5	2.5	
15. SAIFI for the Total No. of Interruptions within Each Interruption Class				
Class A - Planned - by Transpower	0.00	0.08	0.00	0.07
Class B - Planned - by Line Owners	0.21	0.37	0.22	0.23
Class C - Unplanned - by Line Owners	3.57	2.49	3.05	1.85
Class D - Unplanned - by Transpower	0.29	0	0.22	0.24
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	0	0	0
16. CAIDI for the Total No. of Interruptions	44.7	74.8	52.4	55.1
17. CAIDI Targets for 2003/04				
Class B - Planned - by Line Owners	110	110	125	
Class C - Unplanned - by Line Owners	40	40	40	
18. Av. CAIDI Target for 2003/4 to 2007/8 Yrs				
Class B - Planned - by Line Owners	110	110	110	
Class C - Unplanned - by Line Owners	34	34	36	
19. CAIDI for the Total No. of Interruptions within each Interruption Class				
Class A - Planned - by Transpower	0.0	374.0	0.0	283.0
Class B - Planned - by Line Owners	150.0	144.4	134.9	139.0
Class C - Unplanned - by Line Owners	39.4	54.4	42.6	41.8
Class D - Unplanned - by Transpower	32.1	0	105.3	7.2
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - By Other Generation	0	0	0	0
Class F - Any Other Loss of Supply	0	0	0	0

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	8,802				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	8,802				
Interest on cash, bank balances, and short-term investments (ISTI)	140				
OSBIIT minus ISTI	8,662	a	8,662		8,662
Net surplus after tax from financial statements	6,477				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	6,477	n		6,477	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	3,401				
Depreciation of SFA at ODV (y)	3,401				
ODV depreciation adjustment	0	d	add	add	add
Subvention payment tax adjustment	0	s*	deduct	deduct	deduct
Interest tax shield	-45	q			-45
Revaluations	129	r			129
Income tax	2,322	p			2,322
Numerator			OSBIIT ^{ADJ} = a + g + s + d	NSAT ^{ADJ} = n + g + s - s* + d	OSBIIT ^{ADJ} = a + g - q + r + s + d - p - s*
Fixed assets at end of previous financial year (FA ₀)	118,500				
Fixed assets at end of current financial year (FA ₁)	118,717				
Adjusted net working capital at end of previous financial year (ANWC ₀)	1,569				
Adjusted net working capital at end of current financial year (ANWC ₁)	1,536				
Average total funds employed (ATFE)	120,161 (or regulation 33 time-weighted average)	c	120,161		120,161
Total equity at end of previous financial year (TE ₀)	119,099				
Total equity at end of current financial year (TE ₁)	122,441				
Average total equity	120,770 (or regulation 33 time-weighted average)	k		120,770	
WUC at end of previous financial year (WUC ₀)	203				
WUC at end of current financial year (WUC ₁)	1,074				
Average total works under construction	639 (or regulation 33 time-weighted average)	e	639	deduct	deduct

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
Revaluations	129	r			
Half of revaluations	65	r/2			deduct 65
Intangible assets at end of previous financial year (I_{A_0})	0				
Intangible assets at end of current financial year (I_{A_1})	0				
Average total intangible asset (or regulation 33 time-weighted average)	0	m		add 0	
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	
System fixed assets at end of previous financial year at book value ($SFA_{bv,0}$)	112,126				
System fixed assets at end of current financial year at book value ($SFA_{bv,1}$)	111,667				
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	111,897	f	deduct 111,897	deduct 111,897	deduct 111,897
System Fixed assets at year beginning at ODV value ($SFA_{odv,0}$)	111,840				
System Fixed assets at end of current financial year at ODV value ($SFA_{odv,1}$)	111,626				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	111,733	h	add 111,733	add 111,733	add 111,733
Denominator			$ATFE^{ADV} = c - e - f + h$	$Ave TE^{ADV} = k - e - m + v - f + h$	$ATFE^{ADV} = c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:			$ROF = OSBIT^{ADV} / ATFE^{ADV} \times 100$	$ROE = NSAT^{ADV} / ATE^{ADV} \times 100$	$ROI = OSBIT^{ADV} / ATFE^{ADV} \times 100$

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

Northpower

Certification of Valuation Report of Line Owners

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

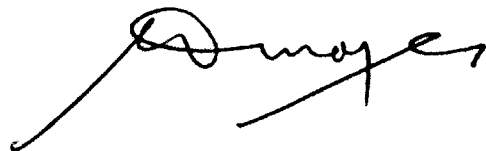
- (a) The attached Valuation Report of Northpower Limited, prepared for the purposes of Regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that Regulation; and
- (b) The Replacement Cost of the line business system fixed assets of Northpower Limited is \$216,937,800; and
- (c) The Depreciated Replacement cost of the line business system fixed assets of Northpower Limited is \$113,009,558; and
- (d) The Optimised Depreciated Replacement Cost of the line business fixed assets of Northpower Limited is \$110,976,728; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Northpower Limited is \$110,033,723; and
- (f) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.

Dated this 21st day of August 2003.



Director



Director



**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
NORTHPOWER LIMITED**

We have examined the information on pages 9, 16 and 17, 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 Northpower Limited and dated 31 March 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.

Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Whangarei, New Zealand
21 August 2003