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ELECTRICITY INVERCARGILL LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

Prepared for the Purposes of the Electricity Information Disclosure Requirements 2004.

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2004 Information Disclosure package issued by Electricity Invercargill Limited has been prepared solely for the purposes the Electricity Information Disclosure Requirements 2004.

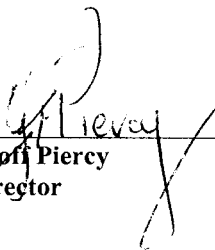
The Requirements require the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Requirements.


The financial information presented is for the line business as described within the Electricity Information Disclosure Requirements 2004. There are also additional activities of the Company that are not required to be reported under the Requirements.

APPROVAL BY DIRECTORS

The Directors have approved for issue the Financial Statements of Electricity Invercargill Limited Line Business for the period ended 31 March 2004 on pages 2 to 21.



Geoff Piercy
Director



Philip Mulvey
Director

For and on behalf of the
Board of Directors

15 December 2004

<p style="text-align: center;">ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2004</p>
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	Note	31 March 2004 \$000	31 March 2003 \$000
Operating Revenue	(2)	12,244	12,347
Operating Expenses	(3)	6,750	6,751
Net Surplus Before Taxation		5,494	5,596
Taxation Expense		(1,829)	(1,853)
Net Surplus After Taxation		3,665	3,743

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	Note	31 March 2004 \$000	31 March 2003 \$000
Total Recognised Revenues and Expenses			
Net Surplus/(Deficit) for the Year		3,665	3,743
Revaluation of Assets		4,669	-
		8,334	3,743
Contributions from Shareholders			
- Capital Introduced		1	6
		1	6
Distributions to Shareholders			
- Dividend Proposed/Declared		(2,600)	-
- Dividend Paid		(2,400)	(2,200)
		(5,000)	(2,200)
Movements in Equity for the Period		3,335	1,549
Equity at Beginning of Period		41,917	40,368
Equity at End of Period	(4)	45,252	41,917

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2004

	Note	31 March 2004 \$000	31 March 2003 \$000
Equity	(4)	45,252	41,917
<i>Represented By:</i>			
Current Assets			
Cash and Short Term Deposits	(5)	1,816	918
Receivables and Prepayments	(6)	1,104	1,029
Inventories		26	36
Total Current Assets		2,946	1,983
Non-Current Assets			
Property, Plant and Equipment	(7)	46,170	40,540
Capital Work in Progress		126	1,047
Total Non-Current Assets		46,296	41,587
Total Assets		49,242	43,570
Current Liabilities			
Accounts Payable and Provisions	(8)	1,390	1,653
Provision for Dividend		2,600	-
Total Current Liabilities		3,990	1,653
Total Liabilities		3,990	1,653
Net Assets		45,252	41,917

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2004
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	Note	31 March 2004 \$000	31 March 2003 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Was Provided From:			
Receipts from Customers		12,012	12,173
Interest Received		90	129
Sundry Income		62	60
		12,164	12,362
Cash Was Applied To:			
Payments to Suppliers		4,975	4,837
Payments to Employees		397	363
Income Tax Paid		1,847	1,932
GST Paid		16	(11)
Interest Paid		2	-
		7,237	7,121
Net Cash Flows From Operating Activities	(10)	4,927	5,241
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Was Provided From:			
Sale of Property, Plant and Equipment		40	12
		40	12
Cash Was Applied To:			
Purchase of Property, Plant and Equipment		1,670	3,928
		1,670	3,928
Net Cash Flows Used in Investing Activities		(1,630)	(3,916)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Was Provided From:			
Sale of Shares		1	6
		1	6
Cash Was Applied To:			
Dividend		2,400	2,200
		2,400	2,200
Net Cash Flows Used in Financing Activities		(2,399)	(2,194)
Net Increase/(Decrease) in Cash Held		898	(869)
Add Opening Cash Brought Forward		918	1,787
Closing Cash Carried Forward		1,816	918

The accompanying notes on pages 6 to 16 form part of and should be read in conjunction with these financial statements.

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Electricity Invercargill Limited is a company registered under the *Companies Act 1993*. The Company is a wholly-owned subsidiary of Invercargill City Holdings Limited.

The Line Business reports on the network assets of Electricity Invercargill Limited, along with the joint venture interests in PowerNet Limited.

Purpose of the Financial Statements

These financial statements have been prepared for the purpose of complying with the Electricity Information Disclosure Requirements 2004 and relate to the Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services in accordance with Requirement 6 of the Requirements.

Measurement Base

The measurement base adopted is that of historical cost except for the revaluation of certain items of property, plant and equipment as stated. Reliance is placed on the fact that Electricity Invercargill Limited is a going concern.

Specific Accounting Policies

a) **Principles of Consolidation**

The interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses after the elimination of all significant inter-company transactions.

b) **Revenue**

Network Charges

Revenue comprised the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Investment Income

Interest and dividend income are accounted for as earned.

Customer Contributions

Contributions from customers in relation to the construction of new lines for the network are accounted for as income in the year in which they are received.

c) **Avoidable Cost Allocation Methodology**

The Avoidable Cost Allocation Methodology has been used to separate "Other" activities from Electricity Invercargill Limited and PowerNet Limited. Other activities or non Line Business activity has been excluded from these accounts.

d) **Receivables**

Receivables are stated at their estimated realisable value. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

e) **Inventories**

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

f) Property, Plant and Equipment

All property, plant and equipment is initially recorded at cost less accumulated depreciation. The cost of purchased property, plant and equipment is the fair 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.

Revaluation

The EIL network assets were revalued as at 31 March 2004 to Depreciated Replacement Cost (DRC) as assessed by independent valuers PricewaterhouseCoopers. Previously these assets were recorded at cost less accumulated depreciation

Network assets are revalued on a cyclical basis with no asset being recognised at a valuation undertaken more than five years previously.

Revaluation increments are transferred to the Asset Revaluation Reserve.

g) Depreciation

Property, plant and equipment is depreciated on the basis of valuation cost price less estimated residual value over the period of their estimated useful life.

The Economic life ranges for the various classes of assets are:

Buildings	1.0%-10.0%	Straight line/diminishing value
Plant and Equipment	5.0%-39.6%	Straight line/diminishing value
Motor Vehicles	18.0%-31.2%	Diminishing value
Office Furniture & EDP Equipment	5.0%-60.0%	Straight line/diminishing value
Shared Assets	9.0%-48.0%	Diminishing value
Network Assets	1.4%-15.0%	Straight line

h) Impairment

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Financial Performance.

i) Income Tax

The income tax expense charged against the profit for the year is the estimated liability calculated at 33 cents in the dollar in respect of that profit.

j) Goods and Services Tax

All amounts in the financial statements have been shown exclusive of goods and services tax, with the exception of accounts receivable and accounts payable, which are shown inclusive of goods and services tax.

k) Work in Progress

The cost of work in progress includes the cost of direct material and direct labour used in putting replacement and new systems in their present location and condition.

l) Financial Instruments

The Line Business is party to financial instrument arrangements as part of its everyday operations. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance on an accrual basis.

The Line Business has no off-balance sheet exposures. The Line Business values all financial instruments at fair value in the Statement of Financial Position.

m) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

n) Employee Entitlements

Provision is made in respect of the Company's liability for annual and long service leave. Leave has been calculated on an actual entitlement basis at current rates of pay.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year ended 31 March 2004.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004
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	31 March 2004	31 March 2003
	\$000	\$000
2. Operating Revenue		
<i>Operating Revenue Comprises:</i>		
Line Charges	12,092	12,028
Interest on Investments	90	129
Transpower Rebate	-	130
Other Revenue	62	60
	12,244	12,347
Total Operating Revenue	12,244	12,347
3. Operating Expenses		
<i>Operating Expenses Include:</i>		
Auditors Remuneration:		
- Statutory Audit	48	32
- Other	19	-
Bad Debts Written Off	2	7
Depreciation:		
- Buildings	7	10
- Office Equipment & EDP Equipment	98	99
- Motor Vehicles	-	1
- Plant and Equipment	27	38
- Network Assets	1,458	1,398
Directors' Fees	96	86
Interest Expense	2	-
Lease Costs	30	-
Loss on Disposal of Fixed Assets	-	1
4. Equity		
Paid in Capital	13,007	13,006
General Reserve	547	547
Revaluation Reserve	20,418	15,749
Retained Earnings	11,280	12,615
	45,252	41,917
Total Equity	45,252	41,917
5. Cash and Short Term Deposits		
Current Account	1,301	273
Short Term Deposits	515	645
	1,816	918
Total Cash and Short Term Deposits	1,816	918
6. Receivables and Prepayments		
Trade Debtors	1,081	996
Accruals	-	6
Prepayments	23	27
	1,104	1,029
Total Receivables and Prepayments	1,104	1,029

	31 March 2004	31 March 2003
	\$000	\$000
7. Property, Plant and Equipment		
Land (At Cost)	24	22
Buildings (At Cost)	165	187
Accumulated Depreciation	(77)	(73)
	88	114
Customer Billing & Information System Assets (At Cost)	787	591
Accumulated Depreciation	(590)	(440)
	197	151
Plant and Equipment (At Cost)	495	418
Accumulated Depreciation	(336)	(267)
	159	151
Office Equipment (At Cost)	184	138
Accumulated Depreciation	(134)	(95)
	50	43
Network Assets (At Valuation)	47,109	41,456
Accumulated Depreciation	(1,457)	(1,397)
	45,652	40,059
Total Property, Plant and Equipment	46,170	40,540
8. Accounts Payable and Provisions		
Trade Creditors and Accruals	1,263	1,536
GST Payable	65	52
Provision for Employee Entitlements	78	63
Provision for Taxation	(16)	2
Total Accounts Payable and Provisions	1,390	1,653
9. Commitments		
Operating Lease Commitments		
Operating Lease Commitments are payable as follows:		
- No later than one year	28	40
- Later than one year and not later than two years	14	19
- Later than two years and not later than five years	16	43
- Later than five years	-	-
Total Operating Lease Commitments	58	102

10. Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows	31 March 2004 \$000	31 March 2003 \$000
Net Surplus After Taxation	3,665	3,743
Plus/(Less) Non Cash Items:		
Depreciation	1,590	1,546
	1,590	1,546
Plus/(Less) Items Classified as Investing Activities		
Loss on Sale of Property, Plant and Equipment	-	1
Gain on Sale of Property, Plant and Equipment	-	-
	-	1
Plus/(Less) Movements in Working Capital Items:		
(Increase)/Decrease in Receivables	(75)	15
(Increase)/Decrease in Stock and Work in Progress	10	116
(Decrease)/Increase in Accounts Payable	(273)	(124)
(Decrease)/Increase in Other Current Liabilities	28	23
(Decrease)/Increase in Provision for Taxation	(18)	(79)
	(328)	(49)
Net Cash Flows from Operating Activities	4,927	5,241

11. Contingent Liabilities

There are no contingent liabilities as at 31 March 2004 (2003: Nil).

12. Financial Instruments

Off Balance Sheet Financial Instruments -

The Line Business does not have any off balance sheet financial instruments.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Line Business, causing the Line Business to incur a loss.

Financial instruments which potentially subject the Line Business to credit risk principally consist of cash, short-term deposits and accounts receivable. Bank deposits are placed with high credit quality financial institutions. The Line Business performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk at balance date are:

	31 March 2004 \$000	31 March 2003 \$000
Current Account	1,301	273
Short Term Deposits	515	645
Receivables	1,104	1,029
	2,920	1,947

The above exposures are net of any recognised provision for losses on these financial instruments.

Concentrations of Credit Risk

The Line Business is exposed to a Concentration of Credit Risk by one significant energy retailer. This entity is considered to be a high quality entity.

Foreign Exchange Risk

The Line Business is not exposed to any foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Line Business is exposed to normal fluctuations in market interest rates.

Fair Values

The estimated fair value of the Line Business' financial instruments are represented by the carrying values.

13. Related Parties

Electricity Invercargill Limited "Line Business" consists of line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited. Electricity Invercargill Limited "Other Business" consists of other or non-line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited.

All related party transactions between Electricity Invercargill Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

During the year related party transactions took place between Electricity Invercargill Limited Line Business and Electricity Invercargill Limited Other Business. All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

Electricity Invercargill Limited Line Business purchased from PowerNet Limited Other Business:

	31 March 2004 \$000	31 March 2003 \$000
Construction of:		
➤ Subtransmission assets	-	114
➤ Zone substations	243	763
➤ Distribution lines and cables	182	249
➤ Medium Voltage switchgear	135	145
➤ Distribution transformers	237	503
➤ Distribution substations	46	41
➤ Low voltage reticulation	876	1,091
➤ Other system fixed assets	5	101

These amounts represent the capital works programme undertaken by PowerNet Limited on behalf of Electricity Invercargill Limited.

Maintenance of assets	-	-
Customer connections and disconnections	-	17

The value of transactions owing at balance date were as follows:

- ❑ Electricity Invercargill Limited Line Business owes PowerNet Limited Other Business \$299,000 (2003: \$410,000).
- ❑ PowerNet Limited's Line Business owes Electricity Invercargill Limited Other Business Nil (2003: Nil).

No related party debts have been written off or forgiven during 2004 or 2003.

14. Annual Valuation Reconciliation Report	31 March 2004	31 March 2003
	\$000	\$000
System fixed assets at ODV – end of previous financial year	37,760	37,750
<i>Add</i> system fixed assets acquired during year at ODV	2,005	1,611
<i>Less</i> system fixed assets disposed of during year at ODV	(29)	(131)
<i>Less</i> depreciation on system fixed assets at ODV	(1,612)	(1,470)
<i>Add</i> revaluations of system fixed assets	7,584	-
	<hr/>	<hr/>
System fixed assets at ODV – end of the financial year	45,708	37,760
	<hr/> <hr/>	<hr/> <hr/>

15. Disclosure of Information

Pursuant to Requirement 6(2) of the Electricity Information Disclosure Requirements 2004, Schedule 1 Part 2.

	31 March 2004 \$000	31 March 2003 \$000
Current Assets		
(a) Cash and bank balances	1,301	273
(b) Short-term investments	515	645
(c) Inventories	26	36
(d) Accounts receivable	1,104	1,029
(e) Other current assets not listed in (a) to (d)	-	-
Total Current Assets	2,946	1,983
Property, Plant and Equipment		
(a) System fixed assets	45,652	40,059
(b) Consumer billing and information system assets	197	151
(c) Motor vehicles	-	-
(d) Office equipment	50	43
(e) Land and buildings	112	136
(f) Capital works under construction	126	1,047
(g) Other fixed assets not listed in (a) to (f)	159	151
Total Property, Plant and Equipment	46,296	41,587
Other tangible assets not listed above	-	-
Total Tangible Assets	49,242	43,570
Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
Total Intangible Assets	-	-
TOTAL ASSETS	49,242	43,570
Current Liabilities		
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	1,406	1,651
(d) Provision for dividends payable	2,600	-
(e) Provision for income tax	(16)	2
(f) Other current liabilities not listed in (a) to (e) above	-	-
Total Current Liabilities	3,990	1,653
Non-Current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
Total Non-Current Liabilities	-	-
Equity		
(a) Shareholders' equity:		
(i) Share capital	13,007	13,006
(ii) Retained earnings	11,280	12,615
(iii) Reserves	20,965	16,296
Total Shareholders' equity	45,252	41,917
(b) Minority interests in subsidiaries	-	-
Total Equity	45,252	41,917
(c) Capital notes	-	-
Total Capital Funds	45,252	41,917
TOTAL EQUITY AND LIABILITIES	49,242	43,570

	31 March 2004 \$000	31 March 2003 \$000
Operating Revenue		
(a) Revenue from line/access charges.	12,092	12,028
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	90	129
(d) AC loss-rental rebates	493	330
(e) Other revenue not listed in (a) to (d)	62	60
Total Operating Revenue	12,737	12,547
Operating Expenditure		
(a) Payment for transmission charges	2,822	3,146
(b) Transfer payments to the "Other" business for:		
(i) Asset maintenance	-	-
(ii) Consumer disconnection/reconnection services	-	-
(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) above	-	-
Total transfer payment to the "Other" business	-	-
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	992	910
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
Total of specified expenses to non-related parties	992	910
(d) Employee salaries, wages and redundancies	397	363
(e) Consumer billing and information system expense	52	54
(f) Depreciation on:		
(i) System fixed assets:	1,458	1,398
(ii) Other assets not listed in (i)	132	149
Total depreciation	1,590	1,547
(g) Amortisation of:		
(i) Goodwill:	-	-
(ii) Other intangibles:	-	-
Total Amortisation of Intangibles	-	-
(h) Corporate and administration:	296	276
(i) Human resource expenses:	40	34
(j) Marketing/advertising:	59	60
(k) Merger and acquisition expenses:	-	-
(l) Takeover defence expenses:	-	-
(m) Research and development expenses:	-	-

(Notes to the Consolidated Financial Statements Continued)

	31 March 2004	31 March 2003
	\$000	\$000
(n) Consultancy and legal expenses:	80	69
(o) Donations:	-	-
(p) Directors' fees:	96	86
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	48	32
(ii) Audit fees paid to other auditors:	19	-
(iii) Fees paid for other services provided by principal and other auditors:	-	-
Total Auditors' fees:	67	32
(r) Costs of offering credit:		
(i) Bad debts written off:	2	7
(ii) Increase in estimated doubtful debts:	-	-
Total cost of offering credit:	2	7
(s) Local authority rates expense:	41	11
(t) AC loss-rentals (distribution to retailers/customers) expense:	493	200
(u) Rebates to consumers due to ownership interest:	-	-
(v) Subvention payments:	150	97
(w) Unusual expenses:	-	-
(x) Other expenditure not listed in (a) to (w)	64	59
Total operating expenditure	7,241	6,951
Operating surplus before interest and income tax	5,496	5,596
Interest expense		
(a) Interest expense on borrowings	2	-
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
Total interest expense	2	-
Operating surplus before income tax	5,494	5,596
Income tax	1,829	1,853
Net surplus after tax	3,665	3,743

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 14 OF THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004, SCHEDULE 1 PART 3

FINANCIAL PERFORMANCE MEASURES

	2004	2003	2002	2001
Return on Funds	12.92%	14.57%	13.54%	12.03%
Return on Equity	8.61%	9.56%	8.64%	8.16%
Return on Investment	20.83%	9.68%	8.20%	11.02%
Return on Investment (excluding revaluation)	8.50%		8.81%	

EFFICIENCY PERFORMANCE MEASURES

	2004	2003	2002	2001
Direct Line Costs per Kilometre	\$1,779	\$1,600	\$1,991	\$2,041
Indirect Line Costs per Electricity Customer	\$58	\$50	\$54	\$56

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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	5,495,847				
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	5,495,847				
Interest on cash, bank balances, and short-term investments (ISTI)	89,973				
OSBIIT minus ISTI	5,405,874	a	5,405,874		5,405,874
Net surplus after tax from financial statements	3,665,221				
Net surplus after tax adjusted pursuant to Requirement 18 (NSAT)	3,665,221	n		3,665,221	
Amortisation of goodwill and amortisation of other intangibles	0	g	0	0	0
Subvention payment	149,836	s	149,836	149,836	149,836
Depreciation of SFA at BV (x)	1,457,888				
Depreciation of SFA at ODV (y)	1,612,000				
ODV depreciation adjustment	-154,112	d	-154,112	-154,112	-154,112
Subvention payment tax adjustment	49,446	s*t		49,446	49,446
Interest tax shield	-29,071	q			-29,071
Revaluations	4,669,096	r			4,669,096
Income tax	1,828,749	p			1,828,749
Numerator			OSBIIT ^{Adj} = a+g+s+d	NSAT ^{Adj} = n+g+s*s*t+d	OSBIIT ^{Adj} = a+g-q+r+s+d-p-s*t
Fixed assets at end of previous financial year (FA ₀)	41,586,851				
Fixed assets at end of current financial year (FA ₁)	46,295,884				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-586,152				
Adjusted net working capital at end of current financial year (ANWC ₁)	-276,544				
Average total funds employed (ATFE)	43,510,019	c	43,510,019		43,510,019
	(or requirement 32 time-weighted average)				
Total equity at end of previous financial year (TE ₀)	41,917,597				
Total equity at end of current financial year (TE ₁)	45,252,805				
Average total equity	43,585,201	k		43,585,201	
	(or requirement 32 time-weighted average)				
WUC at end of previous financial year (WUC ₀)	1,047,022				
WUC at end of current financial year (WUC ₁)	126,151				
Average total works under construction	586,587	e	586,587	586,587	586,587
	(or requirement 32 time-weighted average)				
Revaluations	4,669,096	r			
Half of revaluations	2,334,548	r/2			2,334,548

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
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		deduct	0
	(or requirement 32 time-weighted average)				
Subvention payment at end of previous financial year (S ₀)	97,279				
Subvention payment at end of current financial year (S ₁)	149,836				
Subvention payment tax adjustment at end of previous financial year	32,102				
Subvention payment tax adjustment at end of current financial year	49,446				
Average subvention payment and related tax adjustment	82,784	v		add	82,784
System fixed assets at end of previous financial year at BV (SFA _{BV,0})	40,058,787				
System fixed assets at end of current financial year at BV (SFA _{BV,1})	45,650,885				
Average value of system fixed assets at BV	42,854,836	f	deduct	deduct	42,854,836
	(or requirement 32 time-weighted average)				
System Fixed assets at year beginning at ODV value (SFA _{ODV,0})	37,758,683				
System Fixed assets at end of current financial year at ODV value (SFA _{ODV,1})	45,708,000				
Average value of system fixed assets at ODV value	41,733,342	h	add	add	41,733,342
	(or requirement 32 time-weighted average)				
Denominator	41,801,939		ATFE ^{ADJ} = c-e-f+h	41,959,904	39,467,391
				Ave TE ^{ADJ} = k-e-m+v-f+h	ATFE ^{ADJ} = c-e-1/2r-f+h
Financial Performance Measure			ROF=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100	ROE=NSAT ^{ADJ} /ATE ^{ADJ} x 100	ROI=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100
			12.92	8.61	20.83

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

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 20 OF THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004, SCHEDULE 1 PART 4

Energy Delivery Efficiency Performance Measures Years Ending 31 March 2001, 2002, 2003 and 2004

	2004	2003	2002	2001
Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	52.6%	54.4%	48.6%	51.6%
Loss Ratio (Transmission losses over energy entering the system)	8.3%	9.7%	11.0%	4.5%
Capacity Utilisation (Maximum demand over total transformer capacity)	42.3%	42.1%	44.1%	41.5%

The loss ratio is derived from electricity supplied information provided by other parties. Electricity Invercargill Limited is unable to audit this information and is not confident with its accuracy and estimates the losses at 4.0%.

Statistics

		66kV	33kV	22kV	11kV	6.6kV	400V	Total
System Length (km's)	2000/01	-	20	-	180	-	486	686
	2001/02	-	23	-	180	-	485	688
	2002/03	-	23	-	181	-	489	694
	2003/04	-	25	-	199	-	452	676
Overhead Lines (km's)	2000/01	-	0.3	-	49	-	87	136
	2001/02	-	0.8	-	42	-	76	119
	2002/03	-	1.0	-	39	-	67	107
	2003/04	-	1.0	-	36	-	55	92
Underground Cables (km's)	2000/01	-	20	-	131	-	399	550
	2001/02	-	22	-	138	-	409	569
	2002/03	-	22	-	143	-	422	587
	2003/04	-	24	-	163	-	397	584

	TX Capacity	Maximum Demand	Electricity Supplied	Electricity Conveyed	Total Customers
2000/01	139,483	57,871	261,653,800	249,898,517	16,701
2001/02	140,770	62,113	264,562,646	235,363,540	16,847
2002/03	141,915	59,686	284,541,935	257,047,355	16,961
2003/04	142,125	60,070	276,531,554	253,538,024	16,922

Electricity Conveyed for Retailers and The Power Company Limited

	2004 KWh	2003 KWh	2002 KWh	2001 KWh
Retailer A	191,835,995	186,623,868	175,477,077	218,814,311
Retailer B	3,744,172	7,964,609	4,914,775	511,267
Retailer C	39,099,074	34,605,351	22,741,371	5,794,007
Retailer D	1,066,856	1,597,380	3,486,775	5,303,671
The Power Company Limited OCB46	6,196,189	6,464,423	5,981,473	5,946,641
Retailer E	-	-	7,284,490	14,200,626
Retailer F	11,595,738	19,791,724	15,477,579	11,083,277
TOTAL	253,538,024	257,047,355	235,363,540	261,653,800

The Electricity Supplied details are provided by other parties. Electricity Invercargill Limited is unable to audit this information and is not confident with its accuracy.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS RELIABILITY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 21 OF THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004, SCHEDULE 1 PART 5

Reliability Statistics For Years Ending 31 March 2001, 2002, 2003 and 2004

Class		A	B	C	D	E	F	G	H	I	TOTAL
Interruptions	2000/01	-	11	29	-	-	-	-	-	-	40
	2001/02	-	11	22	2	-	-	-	-	-	35
	2002/03	-	6	15	-	-	-	-	-	-	21
	2003/04	-	9	19	-	-	-	-	-	-	28
Predicted 2004/2005		-	7	16	-	-	-	-	-	-	-
5-Year Average Target		-	7	15	-	-	-	-	-	-	-
SAIDI	2000/01	-	4.0	31.0	-	-	-	-	-	-	35.0
	2001/02	-	4.0	32.0	59.8	-	-	-	-	-	95.8
	2002/03	-	2.0	19.4	-	-	-	-	-	-	21.4
	2003/04	-	4.5	45.1	-	-	-	-	-	-	49.6
Predicted 2004/2005		-	3.5	27.5	-	-	-	-	-	-	-
5-Year Average Target		-	3.5	31.5	-	-	-	-	-	-	-
SAIFI	2000/01	-	0.05	1.07	-	-	-	-	-	-	1.12
	2001/02	-	0.04	1.12	1.71	-	-	-	-	-	2.87
	2002/03	-	0.01	0.69	-	-	-	-	-	-	0.70
	2003/04	-	0.03	1.25	-	-	-	-	-	-	1.28
Predicted 2004/2005		-	0.05	0.95	-	-	-	-	-	-	-
5-Year Average Target		-	0.05	0.95	-	-	-	-	-	-	-
CAIDI	2000/01	-	80.4	28.9	-	-	-	-	-	-	31.2
	2001/02	-	98.8	28.5	35.0	-	-	-	-	-	33.3
	2002/03	-	180.9	28.2	-	-	-	-	-	-	30.6
	2003/04	-	16.1	36.1	-	-	-	-	-	-	38.9
Predicted 2004/2005		-	140.0	32.3	-	-	-	-	-	-	-
5-Year Average Target		-	140.0	32.3	-	-	-	-	-	-	-

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	2000/01	-	-	38.8	38.6
	2001/02	-	-	37.6	36.9
	2002/03	-	-	33.4	32.3
	2003/04	-	-	42.1	41.0
UG per 100km	2000/01	-	-	5.4	4.7
	2001/02	-	-	4.4	3.8
	2002/03	-	-	0.7	0.6
	2003/04	-	-	0.7	0.6
Total per 100km	2000/01	-	-	5.4	4.7
	2001/02	-	-	12.2	10.8
	2002/03	-	-	7.7	6.8
	2003/04	-	-	9.3	8.3
Predicted 2004/2005		-	-	7.7	7.3
5-Year Average Target		-	-	7.2	6.8

Class C Interruptions Not Restored in	3 hours	Nil
Class C Interruptions Not Restored in	24 hours	Nil

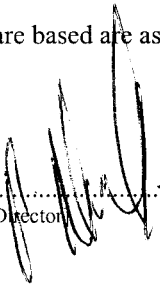
**ELECTRICITY INVERCARGILL LIMITED
CERTIFICATION OF FINANCIAL STATEMENTS
PERFORMANCE MEASURES AND STATISTICS
DISCLOSED BY DISCLOSING ENTITIES
(OTHER THAN TRANSPower)**

We, Geoffery Thomson Piercy and Philip James Mulvey, Directors of Electricity Invercargill Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) The attached audited financial statements of Electricity Invercargill Limited, prepared for the purposes of requirement 6 of the Commerce Commission’s Electricity Information Disclosure Requirements 2004 comply with those Requirements; 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 Invercargill Limited, and having been prepared for the purposes of requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2004.

Signed: 
[Director]


[Director]

Dated: 15 December 2004



AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF ELECTRICITY INVERCARGILL LIMITED

We have examined the information on pages 13 and 17 to 19, being –

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (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 Invercargill Limited and dated 15 December 2004 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

A handwritten signature in black ink, appearing to read "B F Kearney", written over a light grey background.

B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
17 December 2004



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRICITY INVERCARGILL LIMITED FOR THE YEAR ENDED 31 MARCH 2004

We have audited the financial statements of Electricity Invercargill Limited on pages 2 to 16. The financial statements provide information about the past financial performance of Electricity Invercargill Limited and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

Directors' Responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Electricity Invercargill Limited as at 31 March 2004, 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 Requirement 30 of the Electricity Information Disclosure Requirements 2004 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 Bede Kearney 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 Electricity Invercargill 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 Electricity Invercargill Limited.

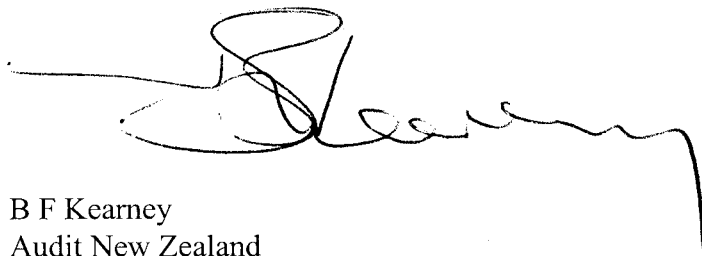
Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Electricity Invercargill Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Invercargill Limited on pages 2 to 16:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Electricity Invercargill Limited's financial position as at 31 March 2004 and the results of its operations and cash flows for the year ended on that date; and
 - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 17 December 2004 and our unqualified opinion is expressed as at that date.



B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand