



# New Zealand Gazette

OF THURSDAY, 28 JULY 2005

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## ELECTRICITY ASHBURTON LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986

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

We, Edwin Glass and Gary Richard Leech, Directors of Electricity Ashburton Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached audited financial statements of Electricity Ashburton Limited, prepared for the purposes of regulation 6 of the 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 Ashburton 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 2005.

Dated this 27 day of July 2005

  
Director

  
Director

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 \$	2004 \$
<b>REVENUE</b>			
Line Charges	2	19,542,677	17,958,775
Other		<u>1,079,902</u>	<u>1,847,950</u>
		20,622,579	19,806,725
<b>OPERATING EXPENDITURE</b>			
	3		
Transmission Charges		5,639,487	5,130,031
Other		<u>8,875,689</u>	<u>7,897,791</u>
		14,515,176	13,027,822
<b>OPERATING SURPLUS before Deferred Discount</b>		6,107,403	6,778,903
Customer Deferred Discount	5	<u>2,811,832</u>	<u>0</u>
<b>OPERATING SURPLUS before Taxation</b>		3,295,571	6,778,903
Taxation	4	<u>2,042,512</u>	<u>2,768,421</u>
<b>NET SURPLUS after Taxation</b>		1,253,059	4,010,482

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS  
STATEMENT OF MOVEMENT IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2005**

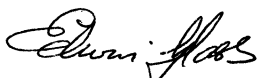
<b>EQUITY AT START OF YEAR</b>	6	83,798,093	68,190,563
Operating Surplus after Taxation		1,253,059	4,010,482
Distribution System Revaluation	9	<u>0</u>	<u>12,735,748</u>
Total Recognised Revenue and Expenses for the Period		1,253,059	16,746,230
<b>Other Movements</b>			
Provision for Dividend	5	0	(1,173,000)
Share Issued		<u>9,100</u>	<u>34,300</u>
		85,060,252	83,798,093

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LTD – LINES BUSINESS  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2005**

	Note	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
	7		
Inventory		2,191,238	1,808,515
Receivables and Prepayments		<u>2,287,375</u>	<u>1,980,128</u>
<b>Total Current Assets</b>		4,478,613	3,788,643
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
Ashburton Aquatic Park Trust Loan		300,000	300,000
<b>Fixed Assets</b>			
	9		
Distribution System		110,589,062	106,541,997
Land & Buildings		2,113,394	2,099,833
Motor Vehicles		126,069	116,472
Plant, Furniture & Equipment		871,070	541,843
Work in Progress		<u>803,162</u>	<u>735,568</u>
<b>Total Non Current Assets</b>		114,802,757	110,335,713
<b>TOTAL ASSETS</b>		<u><u>\$119,281,370</u></u>	<u><u>\$114,124,356</u></u>
<b>CURRENT LIABILITIES</b>			
	8		
Bank Overdraft		3,315,724	1,765,082
Provision for Dividend		0	1,173,000
Provision for Taxation		502,122	985,139
Creditors		<u>2,063,055</u>	<u>1,953,215</u>
<b>Total Current Liabilities</b>		5,880,901	5,876,436
<b>NON CURRENT LIABILITIES</b>			
	8		
Deferred Taxation	4	11,740,217	10,199,827
Bank Loan		<u>16,600,000</u>	<u>14,250,000</u>
<b>Total Non Current Liabilities</b>		28,340,217	24,449,827
<b>SHAREHOLDERS' FUNDS</b>			
Deferred Shares		28,750,000	28,750,000
Rebate Shares		1,250,000	1,250,000
Non Allocated Shares		(67,900)	(77,000)
Reserves		47,479,654	47,479,654
Retained Earnings		<u>7,648,498</u>	<u>6,395,439</u>
<b>Total Shareholders Funds</b>		85,060,252	83,798,093
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>\$119,281,370</u></u>	<u><u>\$114,124,356</u></u>

For and on behalf of the Board

Date: *24/7/05*  DIRECTOR

  
DIRECTOR

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>15</b>		
<b>Cash was Provided from:</b>			
Receipts from Customers		19,958,287	18,837,462
Interest		<u>4,226</u>	<u>10,435</u>
		19,962,513	18,847,897
<b>Cash was Disbursed for:</b>			
Payment to Suppliers & Employees		(12,390,016)	(7,991,480)
Interest Paid		(969,706)	(1,016,029)
Net G S T Movement		(37,649)	48,018
Taxation Expenses		<u>(985,139)</u>	<u>(275,006)</u>
		(14,382,510)	(9,234,497)
<b>Net Cash Flows from Operating Activities</b>		5,580,003	9,613,400
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Sale of Fixed Assets		<u>356,759</u>	<u>1,997,588</u>
		356,759	1,997,588
<b>Cash was Applied to:</b>			
Distribution System Improvements		(8,037,093)	(6,621,716)
Other Fixed Asset Additions		<u>(645,411)</u>	<u>(518,796)</u>
		(8,682,504)	(7,140,512)
<b>Net Cash Flows Used in Investing Activities</b>		(8,316,745)	(5,142,924)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Cash was Provided from:</b>			
Contribution from Owners		9,100	34,300
Loan Received		<u>0</u>	<u>0</u>
		9,100	34,300
<b>Cash was Applied to:</b>			
Industry & Loan Repayments		2,350,000	(3,500,000)
Dividend		<u>(1,173,000)</u>	<u>0</u>
		1,177,000	(3,500,000)
<b>Net Cash Flows From Financing Activities</b>		1,186,100	(3,465,700)
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		(1,550,642)	1,004,996
Opening Cash Brought Forward		<u>(1,765,082)</u>	<u>(2,769,858)</u>
Ending Cash Carried Forward		<u><u>(\$3,315,724)</u></u>	<u><u>(\$1,765,082)</u></u>
<b>REPRESENTED BY:</b>			
Bank Account		<u><u>(\$3,315,724)</u></u>	<u><u>\$ (1,765,082)</u></u>

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005**

**1 STATEMENT OF ACCOUNTING POLICIES**

**Statutory Base**

Electricity Ashburton Limited is a Co-operative company registered under the Co-operative Companies Act 1996.

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity Information Disclosure Requirements 2004 from the financial statements of Electricity Ashburton Limited as at 31 March 2005.

**Measurement Base**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a modified historic cost basis have been followed.

**Accounting Policies**

**a) Revenue**

Line revenue is recognised as actual amounts invoiced during the period.  
Capital contributions are recognised as revenue in the year of receipt.

**b) Transmission Charges**

Transmission charges are recognised as a direct cost to the line business activity.

**c) Depreciation**

Depreciation has been provided on all tangible fixed assets other than freehold land on the following basis and at the following rates which amortise the cost of the asset over their economic lives.

Fixed Assets:

Distribution Network	1.4 % to 6.7% straight line
Buildings	
- concrete	1% straight line
- brick	2% straight line
- wooden	2.5% straight line
Motor Vehicles	14.4% to 31.2 % diminishing value
Plant & Equipment	7.5% to 60.0% diminishing value

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

**d) Income Taxation**

The income taxation expense charged against the operating surplus for the year is the estimated liability in respect of that operating surplus and is calculated after allowance for permanent differences.

Deferred Taxation is calculated on the comprehensive basis using the liability method (see Note 4). Future tax benefits attributable to tax losses or timing differences are only realised when there is virtual certainty of realisation.

**e) Valuation of Assets**

Land is stated at cost, all other fixed assets (except distribution assets) are stated at cost less accumulated depreciation.

All distribution system assets were revalued on an Optimised Deprival Value (ODV) basis by PricewaterhouseCoopers as at 31 March 2004. All additions to the distribution network are recorded at cost. Distribution system assets will be revalued at least once every three years.

**f) Accounts Receivable**

Receivables are shown at net realisable value. All known bad debts have been written off during the year.

**g) Inventories**

Inventories are valued at the lower of cost, determined on a weighted average cost basis, and net realisable value.

**h) Goods and Services Tax (GST)**

These financial statements have been prepared exclusive of GST with the exception of accounts receivable and accounts payable, which are shown inclusive of GST.

**i) Allocation Methodologies**

Allocations of costs, revenues, assets and liabilities have been allocated in accordance with the Electricity Information Disclosure Requirements 2004.

**Changes in Accounting Policies**

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

	<b>2005</b>	<b>2004</b>
	\$	\$
<b>2 REVENUE</b>		
a) Revenue from line / access charges;	0	0
i) Revenue invoiced to customers by electricity retailer	19,071,738	17,204,593
ii) Revenue invoiced to customers by line owner	0	0
b) Revenue for services carried out by the line business	0	0
c) Income from interest on cash, bank balance and short term investments	4,226	10,435
d) AC loss – rental rebates	470,939	754,182
e) Other Revenue not listed in (a to d)	<u>1,075,676</u>	<u>1,837,515</u>
f) Total Operating Revenue	20,622,569	19,806,725
<b>3 OPERATING EXPENDITURE</b>		
a) Transmission Charges	5,639,487	5,130,031
b) Transfer Payments to "Other" Business		
i) Asset Maintenance	797,538	862,560
ii) Consumer Disconnection and Reconnection Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	38,433	35,802
v) Royalty and Patent expense	0	0
vi) Avoided transmission charges for own generation	0	0
vii) Other Goods and Services not listed in (i to vi)	<u>0</u>	<u>0</u>
Total transfer payment to the "Other" Business	835,971	898,362
c) Expense to entities that are not related parties for -		
i) Asset Maintenance	76,845	112,729
ii) Consumer Disconnection and Reconnections Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	5,362	11,775
v) Royalty and Patent expense	<u>0</u>	<u>0</u>
Total of specified expenses to non-related parties	82,207	124,504

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
d) Employee Salaries and Redundancies	1,628,604	1,497,123
e) Consumer billing and information system expense	76,845	0
f) Depreciation on-		
i) System fixed assets	3,754,700	3,093,161
ii) Other system assets not listed in (i)	436,524	382,727
Total Depreciation	4,191,224	3,475,888
g) Amortised of-		
i) Goodwill	0	0
ii) Other Tangibles	0	0
iii) Total amortisation of Intangibles	0	0
h) Corporate and Administration	350,437	320,465
i) Human Resource expenses	19,003	17,250
j) Marketing and advertising	34,077	35,031
k) Merger and acquisition expenses	0	0
l) Takeover defence expense	0	0
m) Research and development expenses	0	0
n) Consultancy and legal expenses	77,571	40,420
o) Donations	0	0
p) Directors fees	93,988	185,344
q) Auditors fees-		
i) Audit fees paid to principal auditors	19,113	17,823
ii) Audit fees paid to other auditors:	24,247	16,069
iii) Fees paid for other services provided by principal and other auditors	0	0
iv) Total auditors fees	43,360	33,892
r) Cost of offering credit-		
i) Bad debts written off	0	16,899
ii) Increase in estimated doubtful debts	0	0
iii) Total cost of offering credit	0	16,899
s) Local Authority rate expense	149,301	88,626
t) AC loss - rental rebates (distribution to retailers) expense	0	0
u) Rebates to customers due to ownership interest	2,811,832	0
v) Subvention payments	0	0
w) Unusual expenses	0	0
x) Other expenditure not listed in (a to w)	249,937	174,489
Total Operating Expenditure	16,283,844	12,038,684
<b>Operating surplus before interest and income tax</b>	<b>4,338,735</b>	<b>7,768,041</b>
Interest Expense		
a) Interest expense on borrowings	1,000,244	989,138
b) Financing charges related to finance lease	0	0
c) Other interest expense not listed in (a to b)	42,920	0
d) Total interest expense	0	0
	1,043,164	989,138
<b>Operating surplus before income tax</b>	<b>3,295,571</b>	<b>6,778,903</b>
Income Tax	2,042,512	2,768,421
<b>Net Surplus after tax</b>	<b>\$1,253,059</b>	<b>\$4,010,482</b>



	<b>2005</b>	<b>2004</b>
	\$	\$
<b>4 TAXATION</b>		
Net Surplus before Taxation	<u>3,295,571</u>	<u>6,778,903</u>
Prima facie taxation at 33%	1,087,538	2,237,038
Plus Tax effect on permanent differences	<u>954,974</u>	<u>531,383</u>
Total Taxation Expense	<u><u>2,042,512</u></u>	<u><u>2,768,421</u></u>
The Taxation charge comprises:		
Current Taxation	502,122	1,260,144
Deferred Taxation	<u>1,540,390</u>	<u>1,508,277</u>
	<u><u>2,042,512</u></u>	<u><u>2,768,421</u></u>
Deferred Taxation Liability:		
Opening Balance	10,199,827	8,691,551
Current Year Movement	1,540,390	1,508,276
Prior Year Adjustment	<u>0</u>	<u>0</u>
	<u><u>11,740,217</u></u>	<u><u>10,199,827</u></u>

**5 CUSTOMER DEFERRED DISCOUNT AND DIVIDEND**

Calculations for deferred discounts paid to each customer were based on their individual customer line charges for the 12 months ended 28 February 2005.

There has been no dividend declared during the year.

**6 EQUITY**

a) Shareholders' equity-		
i) Share capital	29,932,100	29,923,000
ii) Retained earnings	7,648,498	6,395,439
iii) Reserves	<u>47,479,654</u>	<u>47,479,654</u>
iv) Total shareholders' equity	85,060,252	83,798,093
b) Minority interests in subsidiaries	<u>0</u>	<u>0</u>
c) Total equity	85,060,252	83,798,093
d) Capital notes	<u>0</u>	<u>0</u>
e) Total capital funds	85,060,252	83,798,093

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

- i) There is no right to distributions, dividends or rebates
- ii) There is a right to vote if the rights attached to the deferred shares are to be altered or there is a proposal which would change the control of the Company or the rights of the Council are not carried forward on amalgamation
- iii) The shares are not transferable except to another local authority or if 25% of the voting shares are controlled by one person.
- iv) The right to an equal distribution with the holders of the rebate shares on a winding up of the Company

The Share capital of \$29,932,100 is the total shareholding in Electricity Ashburton Limited

	<b>2005</b>	<b>2004</b>
	\$	\$
<b>7 CURRENT ASSETS</b>		
a) Cash and bank balances	0	0
b) Short term investments	0	0
c) Inventories	2,191,238	1,808,515
d) Accounts receivable	2,287,375	1,980,128
e) Other current assets not listed in (a to d)	<u>0</u>	<u>0</u>
f) Total Current Assets	4,478,613	3,788,643
<b>8 CURRENT LIABILITIES</b>		
a) Bank overdraft	3,315,724	1,765,082
b) Short term borrowings	0	0
c) Payables and accruals	2,063,055	1,953,215
d) Provision for dividend payable	0	1,173,000
e) Provision for income tax	502,122	985,139
f) Other current liabilities not listed in (a to e)	<u>0</u>	<u>0</u>
g) Total Current Liabilities	5,880,901	5,876,436
<b>NON CURRENT LIABILITIES</b>		
a) Payroll and accruals	0	0
b) Borrowings	16,600,000	14,250,000
c) Deferred tax	11,740,217	10,199,827
d) Other non current liabilities not listed in (a to c)	<u>0</u>	<u>0</u>
e) Total Non Current Liabilities	28,340,217	24,449,827
<b>9 FIXED ASSETS</b>		
a) System fixed assets	110,589,062	106,541,997
c) Consumer billing and information system assets	64,714	124,451
d) Motor Vehicles	126,087	116,472
e) Office Equipment	806,338	417,392
f) Land & Buildings	2,113,394	2,099,833
g) Capital works under construction:	<u>803,162</u>	<u>735,568</u>
h) Total Fixed Assets	114,502,757	110,035,713
j) Other tangible assets not listed above.	<u>300,000</u>	<u>300,000</u>
Total Tangible Assets	114,802,757	110,335,713

	2005	2004
	\$	\$
<b>Intangible Assets</b>		
a) Goodwill	0	0
b) Other intangible assets not listed in (a)	<u>0</u>	<u>0</u>
c) Total Intangible Assets	0	0
<b>FIXED ASSETS DEPRECIATION</b>		
Distribution System	114,343,762	106,541,997
Accumulated Depreciation	<u>3,754,700</u>	<u>0</u>
	110,589,062	106,541,997
Land & Buildings	2,725,587	2,662,598
Accumulated Depreciation	<u>612,193</u>	<u>562,765</u>
	2,113,394	2,099,833
Motor Vehicles	662,643	620,624
Accumulated Depreciation	<u>536,556</u>	<u>504,152</u>
	126,087	116,472
Plant, Furniture & Equipment	4,180,932	3,497,646
Accumulated Depreciation	<u>3,309,880</u>	<u>2,955,803</u>
	871,052	541,843
Work in Progress	803,162	735,568
<b>Total Non Current Assets</b>	<u>114,502,757</u>	<u>110,035,713</u>

Distribution assets were revalued by PricewaterhouseCoopers as at 31 March 2004

The directors believe that rating valuation is a fair representation of the fair value of the company's land and buildings. The rating valuation of land and buildings at 1 July 2004 is \$2,367,750.

## 10 FINANCIAL INSTRUMENTS

Electricity Ashburton Limited estimates that in respect of the reported Financial Instruments being cash, bank deposits, account receivables, investments and industry loan reported in the financial statement:-

- a) Fair value is equivalent to carrying an amount as stated in the statement of financial position.
- b) Concentration of credit risk is minimised in respect of:-
  - i) Receivables, the company has exposure of credit risk by having six line customers. Credit risk with each of these customers is managed by a use of system agreement. The company performs credit evaluations where considered necessary.
  - ii) Bank deposits, by a specific policy of spreading investments between registered trading banks, Ashburton Building Society and the Loan and Building Society.
  - iii) Cash, by being held in minimal quantities.

## 11 COMMITMENTS

Estimated capital expenditure contracted for at balance date is \$1,344,169 (2004: \$1,431,252).

## 12 CONTINGENT LIABILITIES

As at 31 March 2005 there were no material contingent liabilities. (2004 Nil)

**13 SEGMENT INFORMATION**

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

**14 RELATED PARTIES**

Electricity Ashburton Limited has a contracting division that provides services to the Lines Business. The services provided are for the maintenance of the network and capital construction of System Assets. The services are provided in an ongoing capacity. The standard charge for these services are:

Labour	\$22 to \$32 per hour
External Purchase	Charged at cost
Transport (light truck)	\$7.20 per hour
Transport (heavy truck)	\$18 to \$27 per hour

The contracting division of Electricity Ashburton Limited has provided the following services at cost, including overheads, for the period 1 April 2004 to 31 March 2005

	<b>2005</b>	<b>2004</b>
	\$	\$
Construction of distribution lines & cables	3,920,506	3,236,950
Construction of medium voltage switchgear	0	0
Construction of distribution transformers	1,349,963	1,256,298
Construction of distribution substations	2,233,605	1,727,960
Construction of low voltage lines and cables	129,016	94,955
Construction of other system fixed assets	0	0
Maintenance of assets	797,538	862,560
Consumer connections and reconnections	0	0
Other services	24,504	30,819

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

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

Reported Net Profit After Tax	1,253,059	4,010,482
Add Non Cash items:		
Movement in Deferred Taxation	1,540,390	1,508,277
Capital Gain on Assets	(341,523)	(1,087,003)
Loss on Sale of Assets		774
Depreciation Recovered		(137,562)
Depreciation	4,191,224	3,475,888
	<u>6,643,150</u>	<u>7,770,856</u>
Add (less) Movements in Working Capital Items:		
Decrease (Increase) in Receivables	(307,247)	298,954
Decrease (Increase) in Inventories	(382,723)	421,808
(Decrease) Increase in Accounts Payable	109,840	136,643
(Decrease) Increase in Tax Payable	(483,017)	985,139
	<u>(1,063,147)</u>	<u>1,842,544</u>
Add (less) Items Classified as Investing Activities:		
	<u>0</u>	<u>0</u>
	0	0
Net Cash Flows from Operating Activities	<u><u>5,580,003</u></u>	<u><u>9,613,400</u></u>

	<b>2005</b>	<b>2004</b>
	\$	\$
<b>16 ANNUAL ODV VALUATION RECONCILIATION</b>		
System fixed assets at ODV – end of previous financial year	106,569,140	90,623,564
<i>Add</i> system fixed assets acquired during the year at ODV	8,061,230	6,323,411
<i>Less</i> system fixed assets disposed of during the year at ODV	(29,197)	(20,422)
<i>Less</i> depreciation on system fixed assets at ODV	(3,754,700)	(3,093,161)
<i>Add</i> revaluations of system fixed assets	<u>0</u>	<u>12,735,748</u>
System fixed assets at ODV – end of financial year	110,846,473	106,569,140

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	4,338,735				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	4,338,735				
Interest on cash, bank balances, and short-term investments (ISTI)	-4,226				
OSBIIT minus ISTI	4,342,961	a	4,334,509		4,334,509
Net surplus after tax from financial statements	1,253,059				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,253,059	n		1,253,059	
Amortisation of goodwill and amortisation of other intangibles	0	g	adc 0	adc 0	adc 0
Subvention payment	0	s	adc 0	adc 0	adc 0
Depreciation of SFA at BV (x)	3,754,700				
Depreciation of SFA at ODV (y)	3,754,700				
ODV depreciation adjustment	0	d	adc 0	adc 0	adc 0
Subvention payment tax adjustment	0	s't		deduct 0	deduct 0
Interest tax shield	344,244	q			deduct 344,244
Revaluations	0	r			adc 0
Income tax	2,042,512	p			deduct 2,042,512
<b>Numerator</b>			OSBIIT <sup>ADJ</sup> = a + g + s + d 4,334,508	NSAT <sup>ADJ</sup> = n + g + s - s't + d 1,253,059	OSBIIT <sup>ADJ</sup> = a + g - q + r + s + d - p - s't 1,947,753
Fixed assets at end of previous financial year (FA <sub>0</sub> )	110,035,713				
Fixed assets at end of current financial year (FA <sub>1</sub> )	114,502,757				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	2,051,653				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	2,415,558				
Average total funds employed (ATFE)	114,502,841	c	114,502,841		114,502,841
Total equity at end of previous financial year (TE <sub>0</sub> )	83,798,093				
Total equity at end of current financial year (TE <sub>1</sub> )	85,060,252				
Average total equity (or regulation 33 time-weighted average)	84,429,173	k		84,429,173	
WUC at end of previous financial year (WUC <sub>0</sub> )	735,568				
WUC at end of current financial year (WUC <sub>1</sub> )	803,162				
Average total works under construction (or regulation 33 time-weighted average)	769,365	e	deduct 769,365	deduct 769,365	deduct 769,365
Revaluations		r			
Half of revaluations	0	r/2			deduct 0
Intangible assets at end of previous financial year (IA <sub>0</sub> )	0				
Intangible assets at end of current financial year (IA <sub>1</sub> )	0				
Average total intangible asset (or regulation 33 time-weighted average)	0	m		adc 0	
Subvention payment at end of previous financial year (S <sub>0</sub> )	0				
Subvention payment at end of current financial year (S <sub>1</sub> )	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		adc 0	
System fixed assets at end of previous financial year at book value (SFA <sub>bv,0</sub> )	106,541,997				
System fixed assets at end of current financial year at book value (SFA <sub>bv,1</sub> )	110,589,062				
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	108,565,530	f	deduct 108,565,530	deduct 108,565,530	deduct 108,565,530
System Fixed assets at year beginning at ODV value (SFA <sub>odv,0</sub> )	106,569,140				
System Fixed assets at end of current financial year at ODV value (SFA <sub>odv,1</sub> )	110,846,473				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	108,707,807	h	adc 108,707,807	adc 108,707,807	adc 108,707,807
<b>Denominator</b>			ATFE <sup>ADJ</sup> = c - e - f + h 113,875,753	Ave TE <sup>ADJ</sup> = k - e - m + v - f + h 838,802,085	ATFE <sup>ADJ</sup> = c - e - 1/2r - f + h 113,875,753
<b>Financial Performance Measure:</b>			3.8 ROF = OSBIIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100	1.5 ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100	1.7 ROI = OSBIIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100

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

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS  
PERFORMANCE MEASURES  
FOR THE YEAR ENDED 31 MARCH 2005**

**FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES**

	2005	2004	2003	2002
<b>1 Financial Performance Measures</b>				
(a) Return on funds	3.8%	7.4%	2.8%	1.2%
(b) Return on equity	1.5%	5.3%	0.5%	0.7%
(c) Return on investment	1.7%	17.8%	1.0%	0.7%
<b>2 Efficiency Performance Measures</b>				
(a) Direct line costs per kilometre	930	934	1,107	822
(b) Indirect line costs per electricity customer	58	51	48	45

**ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS**

**1 Energy Delivery Efficiency Performance Measures:**

(a) Load factor	46.18%	50.16%	55.57%	52.43%
(b) Loss ratio	7.41%	8.65%	8.20%	6.88%
(c) Capacity utilisation	29.11%	30.59%	31.02%	28.40%

**2 Statistics**

(a) Circuit Length (Total kms)

66 kV	179	179	127	53
33 kV	211	200	227	252
22 kV	547	444	374	319
11 kV	1,487	1,561	1,606	1,627
230/400 V	352	346	337	328
Total	2,776	2,730	2,671	2,579

(b) Circuit Length - Overhead (kms)

66 kV	178	178	126	52
33 kV	205	194	221	246
22 kV	541	440	371	317
11 kV	1,389	1,467	1,517	1,543
230/400 V	141	145	146	146
Total Overhead	2,454	2,424	2,381	2,304

	2005	2004	2003	2002
(c) Circuit Length - Underground (kms)				
66 kV	1	1	1	1
33 kV	6	6	6	6
22 kV	6	4	3	2
11 kV	98	94	89	84
230/400 V	211	201	191	182
Total Underground	322	306	290	275
(d) Transformer Capacity (kVA)	328,327	298,165	270,503	262,739
(e) Maximum Demand (kW)	95,580	91,206	83,918	74,622
(f) Total electricity entering system before losses (kWh)				
	386,641,704	401,877,688	408,500,045	342,704,202
(g) Total electricity supplied from system after losses (kWh)				
Retailer A	183,230,589	190,751,776	221,466,356	206,946,451
Retailer B	35,217,601	133,601,732	121,853,775	83,748,471
Retailer C	15,002,767	8,059,288	3,099,157	3,751,917
Retailer D	0	0	0	5,399,981
Retailer F	123,560,285	34,030,383	27,449,843	18,521,786
Retailer G	978,813	658,537	1,152,684	757,546
Total	357,990,055	367,101,716	375,021,815	319,126,152
(h) Total Customers	15,311	15,049	14,789	14,558

## RELIABILITY PERFORMANCE MEASURES

### 1 Total number of interruptions

Class B - Planned by Line Owner	197	192	241	295
Class C - Unplanned by Line Owner	173	214	293	153
Class D - Unplanned by Transpower	0	0	2	0
Class G - Unplanned by Other Line Owners	0	0	0	0
Total	370	406	536	448

### 2 Interruption targets for (next year)

Class B - Planned by Line Owner	210
Class C - Unplanned by Line Owner	190

### 3 Average interruption targets (5 years)

Class B - Planned by Line Owner	210
Class C - Unplanned by Line Owner	190



	2005	2004	2003	2002
<b>4 Fault Restoration Times (Class C) interruptions not restored within:</b>				
3 Hours	24.86%	17.29%	24.57%	32.68%
24 Hours	0.00%	0.00%	1.71%	0.65%
<b>5 Number of faults per 100 km of prescribed voltage line</b>				
(a) Total number of faults				
66 kV	0.6	0.0	3.1	3.8
33 kV	2.8	3.5	1.3	1.6
22 kV	7.7	18.0	16.3	14.1
11 kV	7.3	8.1	14.0	6.3
Total	6.5	7.8	11.0	5.9
(b) Target for (next year)				
66 kV	1.0			
33 kV	3.0			
22 kV	8.0			
11 kV	10.0			
Total	6.0			
(c) Average Target (5 years)				
66 kV	1.0			
33 kV	3.0			
22 kV	8.0			
11kV	10.0			
Total	6.0			
<b>6 The total number of faults per 100km of prescribed voltage underground line</b>				
66 KV	0	0	0	0
33 kV	0	0	0	0
22 kV	0	0	0	0
11kV	1.0	3.2	2.2	0
Total	0.9	1.0	0.7	0
<b>7 The total number of faults per 100km of prescribed voltage overhead line</b>				
66 kV	0.6	0.0	3.2	3.8
33 kV	2.9	3.6	1.4	1.6
22 kV	8.5	18.2	16.4	14.2
11 kV	9.0	8.5	14.7	6.6
Total	7.7	8.7	12.2	6.6
<b>8 SAIDI for the total number of interruptions</b>				
	132.69	198.63	318.86	228.56
<b>9 SAIDI targets (next year)</b>				
Class B - Planned by Line Owner	93			
Class C - Unplanned by Line Owner	57			

	2005	2004	2003	2002
<b>10 Average SAIDI targets (5 years)</b>				
Class B - Planned by Line Owner	93			
Class C - Unplanned by Line Owner	57			
<b>11 SAIDI - Classification of interruptions</b>				
Class B - Planned by Line Owner	78.88	88.61	103.80	151.13
Class C - Unplanned by Line Owner	53.81	110.02	201.37	77.43
Class D - Unplanned by Transpower	0	0	13.69	0
Class G - Unplanned by Other Line Owner	0.01	0	0	0
<b>12 SAIFI for the total number of interruptions</b>	1.17	1.47	2.40	1.55
<b>13 SAIFI targets (next year)</b>				
Class B - Planned by Line Owner	0.26			
Class C - Unplanned by Line Owner	0.94			
<b>14 Average SAIFI targets (5 years)</b>				
Class B - Planned by Line Owner	0.26			
Class C - Unplanned by Line Owner	0.94			
<b>15 SAIFI - Classification of interruptions</b>				
Class B - Planned by Line Owner	0.25	0.30	0.38	0.44
Class C - Unplanned by Line Owner	0.92	1.17	1.51	1.11
Class D - Unplanned by Transpower	0	0	0.52	0
Class G - Unplanned by Other Line Owner	0.001	0	0	0
<b>16 CAIDI for the total number of interruptions</b>	113	135	133	147
<b>17 CAIDI targets for (next year)</b>				
Class B - Planned by Line Owner	358			
Class C - Unplanned by Line Owner	61			
<b>18 Average CAIDI target (5 years)</b>				
Class B - Planned by Line Owner	358			
Class C - Unplanned by Line Owner	61			
<b>19 CAIDI - Classification of Interruptions</b>				
Class B - Planned by Line Owner	313	295	275	340
Class C - Unplanned by Line Owner	59	94	134	70
Class D - Unplanned by Transpower	0	0	27	0
Class G - Unplanned by Other Line Owner	10	0	0	0

# Gabites, Sinclair & Partners

Chartered Accountants & Business Advisers

100 Burnett Street,  
P O Box 424  
ASHBURTON, N.Z.

Phone (03) 308 5099  
Fax (03) 308 3955

Email email@gabitesinclair.co.nz



## AUDITORS REPORT

To the readers of the Financial Statements of Electricity Ashburton Limited.

We have audited the accompanying financial statements of Electricity Ashburton Limited on pages two to twelve. The financial statements provide information about the past financial performance of Electricity Ashburton Limited and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages five and six.

### 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 Ashburton Limited as at 31 March 2005, and the results of operations and cash flows for the year ended 31 March 2005.

### Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

### Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:-

- the significant estimates and judgments made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Electricity Ashburton Limited's circumstances, consistently applied and adequately disclosed.

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

Our firm and the partners and employees of our firm, deal with the company on normal terms within the ordinary course of the business of the company. As part of these trading activities our firm and the partners and the employees are obliged to hold shares in the company. Our firm and the partners and employees have no other interests in the company.

### Unqualified Opinion

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

In our opinion:-

- proper accounting records have been maintained by Electricity Ashburton Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Ashburton Limited on pages two to twelve:-
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of the Company as at 31 March 2005 and the results of its operations and cash flows for the year then ended; and
  - (c) comply with the Electricity Information Disclosure Requirements 2004

Our audit was completed on 27 July 2005 and our opinion is expressed as at that date.

*Gabites Sinclair & Partners*

**GABITES, SINCLAIR & PARTNERS  
ASHBURTON**

PARTNERS: Alistair J. Rooney C.A.  
Philip S. Quaid C.A.



Eric T. Parr B.Com., C.A.  
Ross S. Gibson B.Com., C.A.

# **Gabites, Sinclair & Partners**

Chartered Accountants & Business Advisers

100 Burnett Street,  
P O Box 424  
ASHBURTON, N.Z.

Phone (03) 308 5099

Fax (03) 308 3955

Email email@gabitesinclair.co.nz



## **AUDITOR'S OPINION OF PERFORMANCE MEASURES**

We have examined the attached information, being –

- (a) a derivation table; and
- (b) an annual ODV reconciliation report; and
- (c) time-weighted averages calculations (if they apply); and
- (d) financial performance measures; and
- (e) financial components of the efficiency performance measures

that were prepared by Electricity Ashburton Limited and dated 27<sup>th</sup> July 2005 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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 Requirements 2004.

*Gabites Sinclair & Partners*

**GABITES, SINCLAIR & PARTNERS  
ASHBURTON**

**27<sup>th</sup> July 2005**

**PARTNERS:** Alistair J. Rooney C.A.  
Philip S. Quaid C.A.



Eric T. Parr B.Com., C.A.  
Ross S. Gibson B.Com., C.A.