



# New Zealand Gazette

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## WESTPOWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986

**Westpower Limited  
146 Tainui Street  
GREYMOUTH**

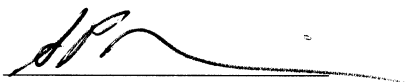
**In accordance with the Electricity (Information Disclosure) Requirements 2004.**

**Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners Other Than Transpower for the year ended 31 March 2005.**

We, Suzanne Peta Merriman and Hugh Robert Little, Directors of Westpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge,—

- (a) The attached audited financial statements of Westpower 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 Westpower Limited, and having been prepared for the purposes of regulations 14, 15, 20, and 21 of the Electricity Information Disclosure Requirements 2004, comply with the requirements of those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2005.



Suzanne Peta Merriman  
Director



Hugh Robert Little  
Director

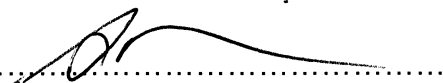
Date : 21 July 2005

**FORM 7**

**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO COMMERCE COMMISSION**


I, Suzanne Peta Merriman, of Greymouth, being a director of Westpower Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Westpower Limited under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

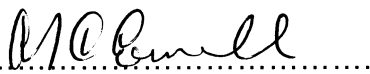
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

  
.....  
S P Merriman  
Director

Declared at Greymouth this 21st day of July 2005

Signed in the Presence of:

  
.....  
(Name)

  
.....  
(Signature)

.....  
(Title) ALAN T O'CONNELL, JP  
55 ALEXANDER STREET  
GREYMOUTH  
03 768-9244

*Being a Justice of Peace or Solicitor (or other person authorised to take a statutory declaration).*

# **WESTPOWER LIMITED**

## **STATEMENT OF ACCOUNTING POLICIES**

### **For The Year Ended 31 March 2005**

The financial statements presented are for the reporting entity Westpower Limited. Westpower Limited is a Lines Company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Requirements 2004.

The measurement base adopted is that of historical cost except for the revaluation of certain fixed assets.

(a) **Sales**

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Group for goods and services supplied to customers in the ordinary course of business.

Lines Charges represent income charged to Energy Retailers based on their meter readings during the period. An allowance is made for unbilled Lines Charges from Energy Retailers to the end of the period.

(b) **Investments**

The parent company's investment in ElectroNet Services Limited is stated at cost.

Sinking Fund Investments are shown at cost plus accumulated interest.

Other Investments are stated at cost.

Dividend income is accounted for on a cash basis. Interest income is accounted for as earned.

(c) **Fixed Assets and Depreciation**

(i) **Valuation**

Fixed Assets comprise:

Distribution System Assets (being the network system consisting of distribution and transmission lines and cables, zone substations, distribution transformers, protection and control equipment, communications equipment and metering).

Other Assets (being land, buildings, plant and equipment, motor vehicles, furniture and fittings).

Distribution System Assets were revalued to Depreciated Replacement Cost which incorporates a valuation based on the engineering optimisation of the system and its components after allowing for depreciation. The valuation was conducted by **KPMG** in conjunction with **Kerslake and Partners**, Registered Valuers, as at 31 March 2004.

Land and Buildings were revalued to market value as at 31 March 2004. The valuation was conducted by Coast Valuations Limited, registered valuers.

All other fixed assets are valued at cost less accumulated depreciation where applicable.

Distribution equipment is revalued on a cyclical basis with no individual asset being included at a valuation made more than three years previously.

Additions between revaluations are recorded at cost.

(ii) **Depreciation**

**Distribution Assets** are depreciated using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

The main basis are periods not exceeding:

Electricity Distribution System      15 – 70 years

**Other Assets** are depreciated using rates which write off the cost or valuation of the fixed assets over their expected economic lives as below:

Buildings	1% to 2.5% SL
Motor Vehicles	20% to 25% DV
Plant and equipment	10% to 50% DV
Furniture and fittings including computers	20% to 48% DV

Profits and losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal. Any depreciation recovered and any loss on sale is included in the operating result of the Group in the year of the disposal.

(d) **Inventories**

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

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

Some stocks may be subject to retention of title clauses on purchase.

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

(e) **Debtors**

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

(f) **Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit and is calculated 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.

(g) **Goods and Services Tax**

All items in the financial statements are net of Goods and Services Tax except for Debtors and Creditors which are shown in the Statement of Financial Position inclusive of GST.

(h) **Financial Instruments**

Westpower and its subsidiaries are party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, debtors, creditors, borrowings and interest rate swaps.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Unrealised revenue and expenses associated with electricity hedges are not recognised in the financial statements. Realised revenue and expenses are recognised in the Statement of Financial Performance on maturity of the hedging contracts and are incorporated as part of the cost of electricity.

All financial instruments are recognised in the Statement of Financial Position, with the exceptions of contingent liabilities and interest rate swaps which are disclosed by way of a note to the financial statements.

(i) **Changes in Accounting Policies**

There have been no changes in accounting policies. All other policies have been applied on a basis consistent with the previous year.

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

	Note	2005 \$000's	2004 \$000's
Revenue	1	13,729	12,606
Total Expenses	2	9,277	8,706
Net Surplus before Interest and Tax		4,452	3,900
Interest		257	251
Net Surplus before Income Tax		4,195	3,649
Less Taxation Expense	3	1,223	1,009
<b>NET SURPLUS AFTER TAX</b>		<u><u>2,972</u></u>	<u><u>2,640</u></u>

**STATEMENT OF MOVEMENTS IN EQUITY**

**FOR THE YEAR ENDED 31 MARCH 2005**

<b>Equity as at 1 April 2004</b>	60,668	54,593
Net Surplus for Year	2,972	2,640
Revaluation of Assets	-	3,591
Total Recognised Revenue and Expenses	<u>2,972</u>	<u>6,231</u>
Dividend Paid	(156)	(156)
<b>Equity as at 31 March 2005</b>	<u><u>63,484</u></u>	<u><u>60,668</u></u>

*The accompanying notes and policies form part of these financial statements*



## WESTPOWER LIMITED - LINES BUSINESS

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2005

	Note	2005 \$000's	2004 \$000's
<b>EQUITY</b>			
Share Capital		30,300	30,300
Reserves		22,381	22,381
Retained Earnings		10,803	7,987
<b>TOTAL EQUITY</b>	7	<u><b>63,484</b></u>	<u><b>60,668</b></u>
Represented By:			
<b>CURRENT ASSETS</b>			
Cash and Bank		167	362
Sundry Debtors	4	1,740	1,452
Tax refund due		87	310
Other Current Assets		-	-
		<u>1,994</u>	<u>2,124</u>
<b>NON CURRENT ASSETS</b>			
Fixed Assets	5	67,823	61,691
Investments		1,244	1,212
		<u>69,067</u>	<u>62,903</u>
<b>TOTAL ASSETS</b>		71,061	65,027
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		2,879	1,434
Accrued Interest		46	23
Provision for dividend		-	-
		<u>2,925</u>	<u>1,457</u>
<b>NON CURRENT LIABILITIES</b>			
Employee Entitlements		-	-
Long - term Debt	6	4,652	2,902
		<u>4,652</u>	<u>2,902</u>
<b>TOTAL LIABILITIES</b>		<u>7,577</u>	<u>4,359</u>
<b>NET ASSETS</b>		<u><b>63,484</b></u>	<u><b>60,668</b></u>

*The accompanying notes and policies form part of these financial statements*

## WESTPOWER LIMITED - LINES BUSINESS

## STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 \$000's	2004 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from customers		12,744	12,737
Interest received		53	46
Dividend Received		12	6
		<u>12,809</u>	<u>12,789</u>
Cash was applied to:			
Payments to suppliers & employees		7,455	6,631
Interest paid		225	272
Taxes paid		1,001	1,256
Net GST		(128)	(95)
		<u>8,553</u>	<u>8,064</u>
Net cash flows from operating activities	11	4,256	4,725
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of assets		-	-
Loan payment received		-	50
		<u>-</u>	<u>50</u>
Cash was applied to:			
Purchase of fixed assets		6,013	3,781
Purchase of investments		32	79
		<u>6,045</u>	<u>3,860</u>
Net cash flows from investing activities		(6,045)	(3,810)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Term Loan		2,150	500
Contributions from Owners		-	-
		<u>2,150</u>	<u>500</u>
Cash was applied to:			
Repayment of Term Loan		400	1,250
Dividends paid		156	156
		<u>556</u>	<u>1,406</u>
Net cash flows from financing activities		1,594	(906)
Net increase (decrease) in cash held		(195)	9
Add opening cash brought forward		362	353
Transfer of Cash from "Other Business"			
Ending cash carried forward		<u>167</u>	<u>362</u>
<b>CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION</b>			
Cash and Bank		<u>167</u>	<u>362</u>

*The accompanying notes and policies form part of these financial statements*

## WESTPOWER LIMITED - LINES BUSINESS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$000's	2004 \$000's
<b>Note 1. Revenue</b>		
Line Charges	12,263	11,762
Special Discount on Line Charges		
Interest	53	46
AC loss-rental rebates	174	272
Sundry Income	1,239	526
	<u>13,729</u>	<u>12,606</u>
 <b>Note 2. Expenses</b>		
Audit fees for Companies financial statements	40	34
Other services provided by Auditors		
Directors' Fees	58	52
Depreciation	1,953	1,714
Loan Interest	257	251
Bad debts written off		
Increase (decrease) in estimated doubtful debts		(17)
Loss (Profit) on Sale of Fixed Assets	552	201
Write Down in Valuation of Buildings and Land		
 <b>Note 3. Taxation</b>		
Net Surplus before taxation	4,195	3,649
Prima facie taxation at 33%	1,384	1,204
Plus Tax effect of permanent differences		
Imputation Credits	(6)	(3)
Taxation adjustment previous year	105	130
Tax effect of Permanent Differences and Timing differences not Recognised	(260)	(322)
Total Taxation Expense	<u>1,223</u>	<u>1,009</u>
The Taxation charge comprises		
- current taxation	1,118	879
- prior period adjustments	105	130
	<u>1,223</u>	<u>1,009</u>

The company has not recognised a deferred taxation liability of \$7,749,000 (2004 \$7,221,000)

	2005 \$000's	2004 \$000's
<b>Note 4. Sundry Debtors</b>		
Line Charge & Sundry Debtors	1,740	1,452
	<u>1,740</u>	<u>1,452</u>

**Note 5. Fixed Assets**

	Cost/ Valuation \$000's	Accumulated Depreciation \$000's	Book Value 2005 \$000's	Book Value 2004 \$000's
At Cost:				
Distribution System	8,494	12	8,482	0
Land and Buildings	104	0	104	0
Other	432	157	275	276
Capital Work In Progress				
	<u>9,030</u>	<u>169</u>	<u>8,861</u>	<u>276</u>
At Valuation:				
Distribution System	59,210	1,870	57,340	59,763
Land and Buildings	1,652	30	1,622	1,652
Total	<u>69,892</u>	<u>2,069</u>	<u>67,823</u>	<u>61,691</u>

The fair value of land and buildings is equivalent to the net book value as at 31 March 2005. Carrying value is considered an accurate reflection of fair value.

**Note 6. Borrowings**

	2005 \$000's	2004 \$000's
Term Liabilities - Repayable 1-2 years	4,250	2,500
- Repayable 2-5 years	402	402
- Repayable later than 5 years	0	0
	<u>4,652</u>	<u>2,902</u>
Loans are secured as follows:		
Short Term Advance Facility \$7,000,000 *	4,250	2,500
Various (No Security)	402	402
	<u>4,652</u>	<u>2,902</u>

\* The National Bank Short Term Advance facility is due to roll over for one year on 31 July 2005. The roll over of this facility is at the discretion of the bank. The Company expects that this loan will be rolled over for at least another year.

The interest rates payable on these loans are:

Floating Rate - based on 90 day bill rate

Fixed Rates 7.14% - 10.5%

	2005 \$000's	2004 \$000's
<b>Note 7. Share Capital</b>		
Share Capital (issued and fully paid)		
- 25,000,000 ordinary shares	25,000	25,000
- 300,000 7.25% Redeemable Preference Shares	300	300
- 5,000,000 Preference Shares	5,000	5,000
Capital Reserve	102	102
Transition Reserve	418	418
Asset Revaluation Reserve	21,861	21,861
Retained Earnings	10,803	7,987
	<b>63,484</b>	<b>60,668</b>

**Note 8. Financial Instruments****Credit Risk**

Financial instruments which potentially subject the Company to credit risk principally consist of bank accounts, accounts receivable and investments.

The Company places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. There is a high concentration of credit risk to Trustpower.

The maximum exposure to credit risk at balance date is the fair value of the instruments as stated in the Statement of Financial Position.

**Fair Values**

For all financial instruments other than the interest rate swaps and the shareholding in International Panel and Lumber (West Coast) Limited the fair value is equivalent to the carrying amount as stated in the Statement of Financial Position. Borrowings are planned to be run to maturity. The fair value of the interest rate swaps at 31 March 2005 is \$0 (2004 \$0).

The fair value of the shares in International Panel and Lumber (West Coast) Limited is \$95,400 (2004 \$83,010). This represents the value of the 30,000 shares based on the value of net assets as at 31 January 2005.

**Currency Risk**

The Company has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Forward exchange contracts may be employed by the Company to manage exposure to currency fluctuations.

**Interest Rate Risk**

Interest rate risk is low as borrowings have fixed interest rates except for the Short Term Advance Facility for \$7,000,000 (2004 \$7,000,000).

The contract amount of interest rates swaps held at 31 March 2005 is \$0 (2004 \$0).

**Note 9. Contingent Liabilities and Capital Commitments**

## Capital Commitments

	2005 \$000's	2004 \$000's
The total amount committed at balance date was	555	0

## Operating Lease Commitments

These are long-term operating leases relating to land occupied by the Company.

Period	2005 \$000's	2004 \$000's
Not later than 1 year	21	21
1 - 2 years	21	21
2 - 5 years	63	63
Later than 5 years	21	42
	126	147

## Contingent Liabilities

There are no contingent liabilities at 31 March 2005

**Note 10. Related Parties**

At balance date the West Coast Electric Power Trust held 100 per cent of the shares in Westpower Limited.

All related party transactions of Westpower Limited have been conducted on a commercial arms length basis.

The Contracting and Management Subsidiary of Westpower Limited, ElectroNet Services, has provided the following services for the period 1 April 2004 to 31 March 2005.

	2005 \$000's	2004 \$000's
Construction of subtransmission assets	1,810	145
Construction of zone substations	2,460	1,101
Construction of distribution lines and cables	1,478	966
Construction of medium voltage switchgear	726	391
Construction of distribution transformers	462	292
Construction of substations	162	254
Construction of low voltage lines and cables	223	183
Construction of other fixed assets	434	361
Maintenance of assets	2,493	2,607
Consumer connections and reconnections		
Asset Management Service	543	573
Other Services	791	568
Services provided to ElectroNet Services Ltd	122	189
Amounts receivable from ElectroNet Services Ltd	0	68

At year end there was an outstanding balance of \$2,510,813 (2004 \$1,031,516) for such services.

No related party debts have been written off or forgiven during the year.

**Other Related Parties****West Coast Electric Power Trust**

The Trust holds 100% of the shares in Westpower.  
The following transactions occurred between Westpower  
and the Trust:

	2005 \$000's	2004 \$000's
Amounts receivable from WCEPT	0	0
Dividends paid to the Trust	156	156

**Directors Interests**

	2005 \$000's	2004 \$000's
Hugh Little - Operations Manager - Westland Milk Products Ltd - Owner/Director - Stations Restaurant, Bar & Accommodation		
Services received from the group.	266	35
Services provided to the group.	0	0
Sue Merriman - Managing Director - Marshall and Heaphy Ltd		
Services received from the group.	12	10
Services provided to the group.	0	0

No related party debts have been written off or forgiven during the year.

**Note 11. Cash Flows**

## Reconciliation of Net Cash Flows from Operating Activities

	2005 \$000's	2004 \$000's
Net surplus After Income Tax	2,972	2,640
Plus Non Cash Items:		
Depreciation	1,953	1,714
Vested Assets	(664)	(335)
	<u>1,289</u>	<u>1,379</u>
Movements in Working Capital:		
Decrease in Debtors	(288)	582
Increase in Creditors, Accrued Interest	(491)	169
Working Capital Transferred from Other Business	0	0
Increase in Income Tax Refund	222	(246)
	<u>(557)</u>	<u>505</u>
Other		
Decrease in Gratuities Provision		
(Gain) Loss on Disposal of Assets	552	201
	<u>552</u>	<u>201</u>
<b>Operating Cashflow</b>	<u><u>4,256</u></u>	<u><u>4,725</u></u>

**Note 12. ODV Reconciliation Report**

	<b>2005</b> <b>\$000's</b>	<b>2004</b> <b>\$000's</b>
System fixed assets at ODV at beginning of year	63,643	54,799
Add system fixed assets acquired during the year at ODV	8,577	4,094
Less system fixed assets disposed of during the year at ODV	(552)	(201)
Less depreciation system fixed assets at ODV	(1,898)	(1,680)
Add revaluations of system fixed assets	0	6,631
System fixed assets at ODV at end of year	<u><b>69,770</b></u>	<u><b>63,643</b></u>



**WESTPOWER LIMITED - LINES BUSINESS**

Disclosure of Information to be Disclosed in Financial Statements under requirement 6 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 2.

	<b>2005</b> <b>\$ '000</b>	<b>2004</b> <b>\$ '000</b>
<b>Statement of Financial Position Disclosure (Schedule 1, Part 2)</b>		
<b>1 Current Assets</b>		
(a) Cash and Bank Balances	167	362
(b) Short-term Investments		
(c) Inventories		
(d) Accounts receivable	1,740	1,452
(e) Other current assets not listed in (a) to (d)	87	310
(f) Total current assets	1,994	2,124
<b>2 Fixed Assets</b>		
(a) System fixed assets	65,822	59,763
(b) Consumer billing and information system assets		
(c) Motor Vehicles		
(d) Office Equipment	275	276
(e) Land & Buildings	1,726	1,652
(f) Capital works under construction		
(g) Other fixed assets not listed in (a) to (f)		
(h) Total fixed assets	67,823	61,691
<b>3 Other tangible assets not listed above</b>	1,244	1,212
<b>4 Total tangible assets</b>	71,061	65,027
<b>5 Intangible assets</b>		
(a) Goodwill		
(b) Other intangible not listed in (a)		
(c) Total intangible assets		
<b>6 Total Assets</b>	71,061	65,027
<b>7 Current Liabilities</b>		
(a) Bank Overdraft		
(b) Short-term borrowings		
(c) Payables and accruals	2,925	1,457
(d) Provision for dividends payable		
(e) Provision for income tax		
(f) Other Current Liabilities not listed in (a) to (e)		
(g) Total Current Liabilities	2,925	1,457
<b>8 Non-current Liabilities</b>		
(a) Payables and accruals		
(b) Borrowings	4,652	2,902
(c) Deferred tax		
(d) Other Non-current Liabilities not listed in (a) to (c)		
(e) Total Non-current Liabilities	4,652	2,902

**WESTPOWER LIMITED - LINES BUSINESS**

	<b>2005</b> <b>\$ '000</b>	<b>2004</b> <b>\$ '000</b>
<b>9 Equity</b>		
(a) Shareholders equity		
(i) Share Capital	30,300	30,300
(ii) Retained Earnings	10,803	7,987
(iii) Reserves	22,381	22,381
(iv) Total Shareholders equity	63,484	60,668
(b) Minority interests in subsidiaries		
(c) Total Equity	63,484	60,668
(d) Capital notes;		
(e) Total capital funds	63,484	60,668
<b>10 Total equity and liabilities</b>	<b>71,061</b>	<b>65,027</b>
<b>Statement of Financial Performance Disclosure (Schedule 1, Part 2)</b>		
<b>11 Operating Revenue</b>		
(a) Revenue from line/access charges	12,263	11,762
(b) Revenue from "Other" business (transfer payment)		
(c) Income from interest on bank and short-term investments	53	46
(d) AC loss-rental rebates	174	272
(e) Other operating revenue not listed in (a) to (d)	1,239	526
(f) Total operating revenue	13,729	12,606
<b>12 Operating expenditure</b>		
(a) Transmission Charges	2,242	2,199
(b) Transfer payments to "Other" business		
(i) Asset maintenance	2,493	2,607
(ii) Consumer disconnections and reconnections		
(iii) Meter data		
(iv) Consumer-based load control		
(v) Royalty and patent expenses		
(vi) Avoided transmission charges for own generation		
(vii) Other goods & services not listed in (i) to (vi) above	543	574
(viii) Total transfer payment to the "Other" business	3,036	3,181
(c) Payments to non-related entities		
(i) Asset maintenance	60	58
(ii) Consumer disconnections and reconnections		
(iii) Meter data		
(iv) Consumer-based load control		
(v) Royalty and patent expenses		
(vi) Total of specified expenses to non-related parties	60	58
(d) Employee salaries, wages and redundancies		
(e) Consumer billing and information system expense		
(f) Depreciation on		
(i) System fixed assets	1,882	1,680
(ii) Other assets not listed in (i)	71	34
(iii) Total depreciation expense	1,953	1,714
(g) Amortisation of		
(i) Goodwill		
(ii) Other intangibles		
(iii) Total amortisation of intangibles		

**WESTPOWER LIMITED - LINES BUSINESS**

	<b>2005</b> <b>\$ '000</b>	<b>2004</b> <b>\$ '000</b>
(h) Corporate and administration	726	840
(i) Human resource expenses		
(j) Marketing and advertising		
(k) Merger and acquisition expenses		
(l) Takeover defence expenses		
(m) Research and development expenses		
(n) Consultancy and legal expenses	381	105
(o) Donations		
(p) Directors fees	58	52
(q) Audit fees		
(i) Audit fees paid to principal auditors	40	34
(ii) Audit fees paid to other auditors		
(iii) Fees paid for other services provided by auditors		
(iv) Total auditors fees	40	34
(r) Costs of offering credit		
(i) Bad debts written off		
(ii) Increase in estimated doubtful debts		
(iii) Total costs of offering credit		
(s) Local authority rates	55	50
(t) AC loss-rental (distribution of) expense	174	272
(u) Rebates to Consumers due to ownership interest		
(v) Subvention payments		
(w) Unusual expenses		
(x) Other expenditure not listed in (a) to (w)	552	201
<b>13 Total operating expenditure</b>	<b>9,277</b>	<b>8,706</b>
<b>14 Operating surplus before interest and income tax</b>	<b>4,452</b>	<b>3,900</b>
<b>15 Interest</b>		
(a) Interest expense on borrowings	257	251
(b) Financing charges related to finance leases		
(c) Other interest expense		
(d) Total interest expense	257	251
<b>16 Operating surplus before income tax</b>	<b>4,195</b>	<b>3,649</b>
<b>17 Income Tax</b>	<b>1,223</b>	<b>1,009</b>
<b>18 Net Surplus after tax</b>	<b>2,972</b>	<b>2,640</b>

**PERFORMANCE MEASURES**

Disclosure of financial performance measures and efficiency performance measures under Requirement 14 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 3.

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>1 Financial performance measures</b>				
(a) Return on funds	6.51%	6.34%	13.02%	9.49%
(b) Return on equity	4.54%	4.47%	10.31%	6.69%
(c) Return on investment	4.59%	16.36%	8.76%	7.93%

## WESTPOWER LIMITED - LINES BUSINESS

**2 Efficiency performance measures:**

(a) Direct lines costs per kilometre	\$	1,555.77	\$	1,681.46	\$	1,232.30	\$	1,297.85
Direct Expenditure		3,114,661		3,325,936		2,441,192		2,558,061
System Length		2,002		1,978		1,981		1,971
(b) Indirect lines costs per electricity Consumer *	\$	106.75	\$	104.77	\$	100.79	\$	99.87
Indirect Expenditure		1,284,339		1,250,064		1,217,210		1,205,653
Total consumers *		12,031		11,931		12,077		12,072

\* Number of consumers based on ICP connections

Disclosure of energy delivery efficiency performance measures under requirement 20 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 4.

**1 Energy Delivery efficiency performance measures:**

(a) Load factor (a/b*c*100)		64.2%		65.6%		63.1%		63.4%
a = kWh of electricity entering system		209,115,825		207,165,465		211,261,285		197,992,332
b = Maximum demand		37,172		36,024		38,232		35,650
c = Total number of hours in year		8,760		8,760		8,760		8,760
(b) Loss ratio (=a/b*100)		5.9%		7.0%		4.5%		5.6%
a = losses in electricity in kWh		12,298,050		14,434,000		9,603,837		11,102,063
b = kWh of electricity entering system		209,115,825		207,165,465		211,261,285		197,992,332
(c) Capacity utilisation (=a/b*100)		31%		31%		35%		34%
a = Maximum demand		37,172		36,024		38,232		35,650
b = Transformer Capacity		119,309		116,726		109,003		104,363

**2 Statistics**

	2005	2004	2003	2002
(a) System Length				
Circuit Kilometres 66kV	60	60	56	47
Circuit Kilometres 33kV	246	246	230	230
Circuit Kilometres 11kV	1,440	1,416	1,492	1,492
Circuit Kilometres 230/400V	256	256	203	202
Total	2,002	1,978	1,981	1,971
(b) System Length - Overhead				
Circuit Kilometres 66kV	60	60	56	47
Circuit Kilometres 33kV	244	244	230	230
Circuit Kilometres 11kV	1403	1383	1,458	1,458
Circuit Kilometres 230/400V	169	169	142	142
Total Overhead	1876	1856	1,886	1,877

**WESTPOWER LIMITED - LINES BUSINESS****(c) System Length - Underground**

Circuit Kilometres 66kV	0	0	0	0
Circuit Kilometres 33kV	2	2	0	0
Circuit Kilometres 11kV	37	33	34	34
Circuit Kilometres 230/400V	87	87	61	61

Total Underground	126	122	95	95
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**(d) Transformer Capacity (In Kilovolt Amperes)**

District (zone) Substations	107,000	107,000	96,000	76,000
Distribution Substations	119,309	116,726	109,003	104,363
Total Substations	226,309	223,726	205,003	180,363

(e) Maximum Demand	37,172	36,024	38,232	35,650
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(f) Total electricity supplied from the system before losses (in Kilowatt Hours)	209,115,825	207,165,465	211,261,285	197,992,332
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**(g) Electricity conveyed for each retailer after losses**

Retailer 1	-	-	-	397,192
Retailer 2	3,153,752	-	-	2,729,400
Retailer 3	3,887,007	9,791,672	8,631,685	8,734,611
Retailer 4	15,742,067	14,192,942	25,028,359	20,382,630
Retailer 5	12,988,446	9,920,251	9,053,917	8,663,199
Retailer 6	161,046,503	158,826,600	158,943,487	145,983,237
Retailer 7				

	196,817,775	192,731,465	201,657,448	186,890,269
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(h) Total Consumers *	12,031	11,931	12,077	12,072
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\* Number of consumers based on ICP connections

Disclosure of reliability performance measures under requirement 21 of the Electricity (Information Disclosure) Requirements 2004 Schedule 1 Part 5.

	2005	2004	2003	2002
<b>1 Total number of interruptions</b>				
Class A - Planned - by Transpower	2	4	0	1
Class B - Planned - by Line Owners	140	50	63	53
Class C - Unplanned - by Line Owners	136	171	57	62
Class D - Unplanned - by Transpower	6	1	0	0
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0
Class G - Unplanned - by other line owner	0	0	0	0
Class H - Planned - by other line owner	0	0	0	0
Class I - Any other loss of supply	0	0	0	0
Total	284	226	120	116

**2 Interruption targets for 2005/2006**

Class B - Planned - by Line Owners	60
Class C - Unplanned - by Line Owners	60

## WESTPOWER LIMITED - LINES BUSINESS

**3 Average interruption targets for 2005/2006 to 2009/2010 years**

Class B - Planned - by Line Owners	60
Class C - Unplanned - by Line Owners	60

**4 Proportion of Class C interruptions not restored within: (=a/b\*100)**

3 Hours	29.4%
a = number of interruptions not restored within 3 hours	40
b = total number of Class C interruptions	136
24 Hours	0.7%
a = number of interruptions not restored within 24 hours	1
b = total number of Class C interruptions	136

	2005	2004	2003	2002
<b>5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line</b>				
66kV	-	-	2	0
33kV	7	10	3	5
11kV	17	13	8	3
Total	12.9	11	6	3
<b>(b) Target for 2005/2006 year</b>				
66kV	1			
33kV	3			
11kV	7			
Total	5.3			
<b>(c) Average Target for 2005/2006 to 2009/2010 years</b>				
66kV	1			
33kV	3			
11kV	7			
Total	5.3			
<b>6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line</b>				
33kV	50	50	0	0
11kV	14	39	9	6
Total	5	9	9	6
<b>7 The total number faults per 100 circuit kilometres of overhead prescribed voltage electric line</b>				
66kV	0	0	2	2
33kV	7	9	2	5
11kV	17	12	8	3
Total	13	10	6	3
<b>8 The SAIDI for the total number of interruption</b>	372.06	205.49	122.02	140.27
<b>9 SAIDI targets for 2005/2006</b>				
Class B - Planned - by Line Owners	40			
Class C - Unplanned - by Line Owners	70			

**WESTPOWER LIMITED - LINES BUSINESS****10 Average SAIDI target for 2005/2005 to 2009/2010 years**

Class B - Planned - by Line Owners	40
Class C - Unplanned - by Line Owners	70

**11 The SAIDI for the total number of interruptions within each interruption class**

Class A - Planned - by Transpower	3.07	5.47	0	13.41
Class B - Planned - by Line Owners	71.31	42.11	66.76	41.35
Class C - Unplanned - by Line Owners	188.54	145.64	55.26	85.51
Class D - Unplanned - by Transpower	109.14	12.27	0	0
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
	<hr/>			
	372.06	205.49	122.02	140.27
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>

**12 The SAIFI for the total number of interruption** 4.23 2.40 1.16 1.41

**13 SAIFI target for 2005/2006**

Class B - Planned - by Line Owners	0.25
Class C - Unplanned - by Line Owners	1

**14 Average SAIFI target for 2005/2006 to 2009/2010 years**

Class B - Planned - by Line Owners	0.25
Class C - Unplanned - by Line Owners	1

**15 The SAIFI for the total number of interruptions within each interruption class**

Class A - Planned - by Transpower	0.01	0.02	0	0.08
Class B - Planned - by Line Owners	0.34	0.19	0.27	0.2
Class C - Unplanned - by Line Owners	2.89	2.02	0.89	1.13
Class D - Unplanned - by Transpower	0.99	0.17	0	0
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
	<hr/>			
	4.23	2.4	1.16	1.41

**16 The CAIDI for the total number of interruption** 88.03 85.62 105 99.59

**17 CAIDI targets for 2005/2006**

Class B - Planned - by Line Owners	160
Class C - Unplanned - by Line Owners	70

**18 Average CAIDI target for 2005/2006 to 2009/2010 years**

Class B - Planned - by Line Owners	160
Class C - Unplanned - by Line Owners	70

**WESTPOWER LIMITED - LINES BUSINESS****19 The CAIDI for the total number of interruptions within each interruption class**

Class A - Planned - by Transpower	477.79	274	0	177
Class B - Planned - by Line Owners	207.00	221	247	210
Class C - Unplanned - by Line Owners	65.00	72	62	76
Class D - Unplanned - by Transpower	110.61	72	0	0
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
	88.03	85.62	105	100



WESTPOWER LIMITED - LINES BUSINESS

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

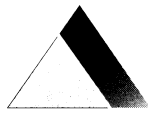
Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	4,452				
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIT)	4,452				
Interest on cash, bank balances, and short-term investments (STI)	53				
OSBIT minus ISTI	4,399	a	4,399		4,399
Net Surplus after tax from financial statements	2,972				
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	2,972	n		2,972	
Amortisation of goodwill and amortisation of other intangibles		g	-	-	-
Subvention payment		s	-	-	-
Depreciation of SFA at BV (x)	1,882				
Depreciation of SFA at ODV (y)	1,898				
ODV depreciation adjustment	(16)	d	(16)	(16)	(16)
Subvention payment tax adjustment	-	s*			
<b>Interest tax shield</b>	67	q			67
Revaluations		r			
Income tax	1,223	p			1,223
<b>Numerator</b>			OSBIT <sup>(a)</sup> -ag-qt+r+s+d	NSAT <sup>(n)</sup> -nr-g-s-t*nd	BIT <sup>(a)</sup> -ag-qt+r+s+d-ps*t
Fixed asset at end of previous year (FA <sub>0</sub> )	61,691		4,383	2,956	3,093
Fixed assets at end of current financial year (FA <sub>1</sub> )	67,823				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	305				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	(1,098)				
Average total funds employed (ATFE)	64,361	c	64,361		64,361
Total equity at end of previous financial year (TE <sub>0</sub> )	60,668				
Total equity at end of current financial year (TE <sub>1</sub> )	63,484				
Average total equity	62,076	k		62,076	
WUC at end of previous financial year (WUC <sub>0</sub> )					

WESTPOWER LIMITED - LINES BUSINESS

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

WUC at end of current financial year (WUC <sub>t</sub> )									
Average total works under construction									
Revaluations									
Half of revaluations									
Intangible assets at end of previous financial year (IA <sub>0</sub> )									
Intangible assets at end of current financial year (IA <sub>1</sub> )									
Average total intangible asset									
Subvention payment at end of previous financial year (S <sub>0</sub> )									
Subvention payment at end of current financial year (S <sub>1</sub> )									
Subvention payment tax adjustment at end of previous financial year									
Subvention payment tax adjustment at end of current financial year									
Average subvention payment and related tax adjustment									
System fixed assets at end of previous year at book value (SFA <sub>av0</sub> )	60,867								
System fixed assets at end of current financial year at book value (SFA <sub>av1</sub> )	66,793								
Average value of system fixed assets at book value	63,730								
System fixed assets at year beginning at ODV value (SFA <sub>av0d</sub> )	63,643								
System fixed assets at end of current financial year at ODV value (SFA <sub>av1d</sub> )	69,770								
Average value of system fixed assets at ODV value	66,707								
<b>Denominator</b>									
<b>Financial performance measure</b>									

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



## Audit New Zealand

### REPORT OF THE AUDITOR-GENERAL

#### TO THE READERS OF THE FINANCIAL STATEMENTS OF WESTPOWER LIMITED FOR THE YEAR ENDED 31 MARCH 2005

We have audited the financial statements of Westpower Limited on pages 1 to 16. The financial statements provide information about the past financial performance of Westpower Limited and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 1 to 4.

#### 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 Westpower Limited as at 31 March 2005, 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 Tony Uttley 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 Westpower Limited circumstances, consistently applied and adequately disclosed.

We conducted the 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 Westpower Limited.

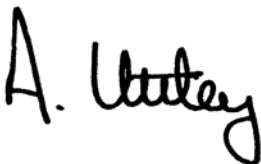
### Unqualified opinion

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

In our opinion:

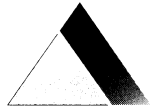
- ▲ proper accounting records have been maintained by Westpower Limited as far as appears from our examination of those records; and
- ▲ the financial statements of Westpower Limited on pages 1 to 16:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Westpower Limited financial position as at 31 March 2005 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 27 July 2005 and our unqualified opinion is expressed as at that date.



Tony Uttley  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand





Audit New Zealand

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

We have examined the information on pages 13, 16, 17, 22 and 23, 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 Westpower Limited and dated 27 July 2005 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.

Tony Uttley  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
27 July 2005