



# New Zealand Gazette

OF THURSDAY, 18 AUGUST 2005

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WELLINGTON: WEDNESDAY, 24 AUGUST 2005 — ISSUE NO. 139

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## THE LINES COMPANY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986



**REPORT OF THE AUDITOR-GENERAL  
TO THE READERS OF THE FINANCIAL STATEMENTS OF THE LINES COMPANY LIMITED  
FOR THE YEAR ENDED 31 MARCH 2005**

We have audited the financial statements of The Lines Company Limited on pages 1 to 12. The financial statements provide information about the past financial performance of The Lines Company Limited and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 4 to 6.

**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 The Lines Company 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 Regulation 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 Graham Naylor of Deloitte 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 The Lines Company 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 The Lines Company Limited.

**Unqualified Opinion**

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

In our opinion –

- proper accounting records have been maintained by The Lines Company Limited as far as appears from our examination of those records;
- the financial statements referred to above:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of The Lines Company Limited's financial position as at 31 March 2005 and the results of its operations and cash flows for the year ended on that date; and
- comply with the Electricity (Information Disclosure) Requirements 2004.

Our audit was completed on 17 August 2005 and our unqualified opinion is expressed as at that date.

**Graham Naylor**  
Deloitte  
On behalf of the Auditor-General  
Hamilton, New Zealand

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

We have examined the information on pages 13 to 17, 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 The Lines Company Limited and dated 31 March 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.



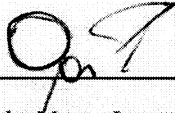
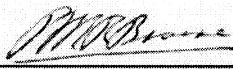
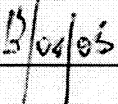
**Graham Naylor**  
Deloitte  
On behalf of the Auditor-General  
Hamilton, New Zealand  
17 August 2005

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower**

We, **Charles Murray Loewenthal** and **Peter Browne**, Directors of **The Lines Company Limited**, certify that, having made all reasonable inquiries, to the best of our knowledge, that;

- a) The attached audited financial statements of The Lines Company Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 2004, comply with the requirements of those regulations, and;
- b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to The Lines Company Limited and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 2004, comply with the requirements of those regulations.

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

Signature:	 _____	Director
	(Charles Murray Loewenthal)	
Signature:	 _____	Director
	(Peter Browne)	
Date:	 _____	

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY****Statement of Financial Performance  
For the Year Ended 31 March 2005**

	Note	2005 \$000's	2004 \$000's
Operating Revenue	2	20,452	19,511
Operating Expenses		<u>15,441</u>	<u>13,663</u>
<b>Operating Surplus before Taxation</b>		5,011	5,848
Taxation Expense	4	<u>1,654</u>	<u>1,930</u>
<b>Surplus after Taxation</b>		3,357	3,918
Customer Discount Net of Taxation		<u>2,546</u>	<u>3,350</u>
<b>Net Surplus after Discount</b>		<u><u>811</u></u>	<u><u>568</u></u>

**Statement of Movement of Equity  
For the Year Ended 31 March 2005**

	2005 \$000's	2004 \$000's
<b>Equity at Beginning of Year</b>	53,261	41,789
Surplus retained for the Year	811	568
Revaluation of fixed assets	-	16,471
Deferred tax adjustment on line asset revaluations	<u>5,436</u>	<u>(5,436)</u>
<b>Total Recognised Revenue and Expenses</b>	6,247	11,603
Dividends	<u>-</u>	<u>(131)</u>
<b>Total Distribution to Owners</b>	-	(131)
<b>Equity at Year End</b>	<u><u>59,508</u></u>	<u><u>53,260</u></u>

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY****Statement of Financial Position****As at the 31 March 2005**

	Note	2005 \$000's	2004 \$000's
<b>Equity</b>			
Share Capital		6,021	6,021
Retained Earnings		11,316	10,505
Revaluation Reserve		42,170	36,734
		<u>59,508</u>	<u>53,260</u>
<b>Fixed Assets</b>			
Fixed Assets	5	98,403	97,495
<b>Total Fixed Assets</b>		<u>98,403</u>	<u>97,495</u>
<b>Current Assets</b>			
Cash		404	-
Receivables & prepayments		3,081	2,970
Work in Progress		190	68
Inventory		713	813
<b>Total Current Assets</b>		<u>4,388</u>	<u>3,851</u>
		<u>102,791</u>	<u>101,346</u>
<b>Total Assets</b>			
<b>Non-current Liabilities</b>			
Loans	6	28,754	28,181
Deferred Tax	7	7,046	12,082
<b>Total Non-current Liabilities</b>		<u>35,800</u>	<u>40,263</u>
<b>Current Liabilities</b>			
Bank Overdraft		-	38
Accounts Payable		4,440	4,792
Provisions		81	202
Short Term Loan	8	-	-
Customer Discount Provision		2,963	2,791
<b>Total Current Liabilities</b>		<u>7,484</u>	<u>7,823</u>
		<u>43,284</u>	<u>48,086</u>
<b>Total Liabilities</b>			
		<u>59,508</u>	<u>53,260</u>
<b>Net Assets Employed</b>			

Director:



Director:



Date:

11/8/05

Date:

13/08/05

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY****Statement of Cashflows  
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		20,341	18,586
Less special discounts		<u>(3,628)</u>	<u>(5,211)</u>
		16,713	13,375
Cash was distributed to:			
Payment to suppliers & employees		(9,815)	(8,419)
Taxes paid		-	-
Interest paid		<u>(2,019)</u>	<u>(1,734)</u>
		(11,834)	(10,153)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	11	<u>4,879</u>	<u>3,222</u>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of fixed assets		-	31
		<u>-</u>	<u>31</u>
Cash was applied to:			
Fixed asset purchase		(4,879)	(5,894)
		<u>(4,879)</u>	<u>(5,894)</u>
<b>NET CASHFLOWS TO INVESTING ACTIVITIES</b>		<u>(4,879)</u>	<u>(5,863)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Loans Raised		573	2,231
		<u>573</u>	<u>2,231</u>
Cash was provided for:			
Dividend		(131)	(131)
		<u>(131)</u>	<u>(131)</u>
<b>NET CASHFLOWS TO FINANCING ACTIVITIES</b>		<u>442</u>	<u>2,100</u>
Net cashflow from operating		4,879	3,222
Net cashflow to investing		(4,879)	(5,863)
Net cashflow to financing		<u>442</u>	<u>2,100</u>
<b>Net increase in cash held</b>		442	(541)
Cash Brought Forward		<u>(38)</u>	<u>503</u>
<b>Total Cash</b>		<u>404</u>	<u>(38)</u>

**THE LINES COMPANY LIMITED**  
**Lines Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ended 31st March 2005**

**NOTE 1:**  
**STATEMENT OF ACCOUNTING POLICIES**

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

**REPORTING ENTITY**

The Lines Company Limited is owned by: Waitomo Energy Services Customer Trust (75%) and King Country Electric Power Trust (25%) and is incorporated under the Companies Act 1993. The accounts are prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993, and the Electricity (Information Disclosure) Regulations 2004 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

The principal activity of the entity is the provision of electricity distribution services.

**MEASUREMENT BASE**

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed except where revaluation of assets are incorporated, and other items disclosed in the accounting policies listed below.

Accrual accounting is used to match expenses with revenues. Reliance is placed on the fact that the Company is a going concern.

**(a) Receivables**

Receivables are stated at their estimated realisable value.

**(b) Fixed Assets**

The Company has four classes of fixed assets:

- Freehold Land
- Freehold Buildings
- Motor Vehicles, Plant and Equipment
- Distribution System

Land and Buildings were independently valued by Doyle Valuations on 31st March 2003 based on estimated market value and are revalued every three years.

The distribution system has been valued based upon optimised deprival value (ODV) by an electrical engineer and certified by PriceWaterhouseCoopers, as at 31 March 2004.

Increases in valuations have been transferred to the Revaluation Reserve in Shareholders Equity.

Motor Vehicles, Plant and Equipment and all other fixed assets have been valued at cost less accumulated depreciation.

**(c) Staff Leave and Gratuity Payments**

Provision is made in respect of the Company's liability for annual leave and gratuity payments. At the balance date retiring gratuities have been accrued in respect of all employees:

1. who have more than 10 years service with the Company and who are aged 45 years or over or
2. whose gratuity entitlement was recognised in the transfer of employment from their previous employer.



**THE LINES COMPANY LIMITED**  
**Lines Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ended 31st March 2005**

**(d) Depreciation**

Depreciation is provided on either a straight line or a diminishing value basis on all fixed assets other than freehold land and perpetually renewable distribution assets, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful life. Assets purchased post 1 April 1999 have been depreciated on a straight line basis.

Major depreciation rates and methods:

Buildings	40-100 years	Straight Line
Motor Vehicles, Plant & Equipment	10% to 50%	Diminishing Value or Straight Line
Network Plant & Equipment	20 - 50 years	Straight Line
Network Lines	Are depreciated at ODV replacement rates	
Land	Is not depreciated	

Infrastructural accounting has been adopted for those parts of the distribution asset that are perpetually renewed. This means that a deduction is made against current expenditure of an amount equivalent to the average annual amount that will need to be expended on those assets over the next twenty years to maintain their current condition. Expenditure on renewals is capitalised.

Components that are separately identifiable and have a finite life e.g. 33kV substation transformers, are depreciated.

**(e) Inventory**

Stocks are stated at the lower of cost, determined on an average cost basis, or net realisable value.

**(f) Goods & Services Tax**

All amounts in the financial statements have been shown exclusive of Goods and Services Tax, with the exception of Accounts Payable and Accounts Receivable which are shown inclusive of Goods and Services Tax.

**(g) Taxation**

Income tax expense is recognised on the operating surplus before taxation adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, expected to reverse in the foreseeable future, that arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the Statement of Financial Position as a future tax benefit or a provision for deferred tax. The future tax benefit or provision for deferred tax is stated at the income tax rate prevailing at balance date.

Future tax benefits are not recognised unless realisation of the asset is virtually certain.

The Company uses the liability method of accounting for deferred taxation at the income tax rate prevailing at balance date and applies this on a comprehensive basis.

**THE LINES COMPANY LIMITED**  
**Lines Business Activity**  
**Notes to the Financial Statements**  
**For the Year Ended 31st March 2005**

**(h) Basis of Allocations to Business Units**

In general the Ministry of Economic Development guidelines for allocation of income and expenditure have been applied. Deviations from the guidelines have been used where assumptions made in the guidelines have not held true for The Lines Company Limited. These are as follows:

Various overhead costs that are an integral part of operating each business, have been allocated according to relative fixed assets involved in each business.

Interest costs allocated to the Lines Business reflects those costs associated with the Subordinated Debt and the BNZ loan.

**(i) Comparative Figures**

Comparative information has been reclassified, where necessary, to achieve consistency in disclosure with the current year.

**(j) Changes in Accounting Policies**

There have been no changes in accounting policy.

**(k) Statement of Cash Flows**

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

Definitions of the terms used in the Statement of Cash Flows:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings, such as bank overdrafts, used by the company and the group as part of their day-to-day cash management.

## THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY

Disclosure of information to be disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 2004 Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

### Statement of Financial Position Disclosure (Schedule 1, Part 2)

	2005 \$000's	2004 \$000's
<b>1 Current assets</b>		
(a) Cash and bank balances	404	-
(b) Short term investments	-	-
(c) Inventories	713	813
(d) Accounts receivable	3,081	2,970
(e) Other current assets not listed in (a) to (d)	190	68
(f) <b>Total current assets</b>	<u>4,388</u>	<u>3,851</u>
<b>2 Fixed assets</b>		
(a) System fixed assets	97,389	96,400
(b) Consumer billing and information systems	40	7
(c) Motor vehicles	225	164
(d) Office equipment	62	76
(e) Land and buildings	545	675
(f) Capital works under construction	-	30
(g) Other fixed assets not listed in (a) to (f)	143	143
(h) <b>Total fixed assets</b>	<u>98,403</u>	<u>97,495</u>
<b>3 Other tangible assets not listed above</b>	-	-
<b>4 Total tangible assets</b>	<u>102,791</u>	<u>101,346</u>
<b>5 Intangible assets</b>		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a)	-	-
(c) <b>Total intangible assets</b>	<u>-</u>	<u>-</u>
<b>6 Total assets</b>	<u>102,791</u>	<u>101,346</u>
<b>7 Current liabilities</b>		
(a) Bank overdraft	-	38
(b) Short-term borrowings	-	-
(c) Payables and accruals	4,521	4,863
(d) Provision for dividend payable	-	131
(e) Provision for income tax	-	-
(f) Other current liabilities not listed in (a) to (e)	2,963	2,791
(g) <b>Total current liabilities</b>	<u>7,484</u>	<u>7,823</u>
<b>8 Non-current liabilities</b>		
(a) Payables and accruals	-	-
(b) Borrowings	28,754	28,181
(c) Deferred tax	7,046	12,082
(d) Other non-current liabilities not listed in (a) to (c)	-	-
(e) <b>Total non-current liabilities</b>	<u>35,800</u>	<u>40,263</u>

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY**

	<b>2005</b>	<b>2004</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>9 Equity</b>		
(a) Shareholders' equity		
(i) Share capital	6,021	6,021
(ii) Retained earnings	11,316	10,505
(iii) Reserves	42,170	36,734
(iv) Total shareholders' equity	<u>59,507</u>	<u>53,260</u>
(b) Minority interests in subsidiaries	-	-
(c) <b>Total equity</b>	<u>59,507</u>	<u>53,260</u>
(d) Capital notes	-	-
(e) <b>Total capital funds</b>	<u>59,507</u>	<u>53,260</u>
<b>10 Total equity and liabilities</b>	<u><u>102,791</u></u>	<u><u>101,346</u></u>

**Statement of Financial Performance Disclosure (Schedule 1, Part 2)****NOTE 2 : OPERATING REVENUE**

<b>11 Operating Revenue</b>		
(a) Revenue from line/access charges	20,214	19,116
(b) Revenue from 'Other' business (transfer payment)	-	-
(c) Income from Interest on bank & short term investments	16	6
(d) AC loss-rental Rebates	222	389
(e) Other operating revenue not listed in (a) to (d)	-	-
(f) <b>Total operating revenue</b>	<u><u>20,452</u></u>	<u><u>19,511</u></u>

**NOTE 3 : OPERATING EXPENDITURE**

<b>12 Operating Expenditure</b>		
(a) Transmission costs	4,160	3,902
(b) Transfer payments to the "Other" business for:		
(i) Asset Maintenance Services	1,460	1,854
(ii) Disconnection/Reconnection Services	17	13
(iii) Meter Data	-	-
(iv) Consumer Based Load control	2	7
(v) Royalty and patent expenses	-	-
(vi) Avoided Transmission Charges	-	-
(vii) Other	75	30
(viii) Total transfer payments to the "Other" business	<u>1,554</u>	<u>1,904</u>
(c) Expenses to entities that are non-related parties for:		
(i) Asset Maintenance Services	1,203	932
(ii) Disconnection/Reconnection Services	-	-
(iii) Meter Data	-	-
(iv) Consumer Based Load control	14	13
(v) Avoided Transmission Charges	-	-
(vi) Royalty and patent expenses	-	-
(vii) Total of specified expenses to non-related entities	<u>1,217</u>	<u>945</u>
(d) Employee salaries/redundances	1,377	1,134
(e) Consumer Billing and Information System	97	39
(f) Depreciation on:		
(i) System Fixed Assets	3,793	2,962
(ii) Other assets not listed in (i)	291	142
(iii) <b>Total Depreciation</b>	<u><u>4,084</u></u>	<u><u>3,104</u></u>

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY**

	<b>2005</b> <b>\$000's</b>	<b>2004</b> <b>\$000's</b>
(g) Amortisation of:		
(i) Goodwill	-	-
(ii) Other Intangibles	-	-
(iii) Total amortisation of intangibles	<u>-</u>	<u>-</u>
(h) Corporate & Administration	141	122
(i) Human Resource	23	22
(j) Marketing & Advertising	21	20
(k) Merger and acquisition expenses	-	-
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy & legal expenses	6	6
(o) Donations	-	1
(p) Directors' fees	148	129
(q) Auditors' fees		
(i) Audit fees paid to principal auditors	37	22
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by auditors	-	-
(iv) Total auditors' fees	<u>37</u>	<u>22</u>
(r) Cost of offering credit		
(i) Bad Debts written off	-	16
(ii) Increase in estimated doubtful debts	10	-
(iii) Total cost of offering credit	<u>10</u>	<u>16</u>
(s) Local Authority rates expense	96	106
(t) AC loss-rentals (distribution to customers) expense	198	153
(u) Rebate to consumers due to ownership interest	-	-
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other	253	304
<b>13 Total operating expenditure</b>	<u><u>13,422</u></u>	<u><u>11,929</u></u>
<b>14 Operating surplus before interest and income tax</b>	7,030	7,582
<b>15 Interest expense</b>		
(a) Interest Expense on Borrowings	1,012	797
(b) Financing Charges relating to Finance Leases	-	-
(c) Other Interest Expense	1,007	937
(d) Total Interest Expense	<u>2,019</u>	<u>1,734</u>
<b>16 Operating surplus before income tax</b>	5,011	5,848
<b>17 Income tax</b>	400	280
<b>18 Net surplus after tax</b>	4,611	5,568
<b>19 Less Discount</b>	3,800	5,000
<b>20 Net Surplus After Discount</b>	<u><u>811</u></u>	<u><u>568</u></u>

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY**

	2005 \$'000'	2004 \$'000'
<b>NOTE 4 : TAXATION EXPENSE</b>		
Nominal Operating Surplus Before Tax	5,011	5,848
Nominal Discount Paid to Customers	(3,800)	(5,000)
Prima Facie Taxation on Operating Surplus	1,654	1,930
Prima facie Taxation on Nominal Discount	(1,254)	(1,650)
Net Taxation Expense	<u>400</u>	<u>280</u>

**NOTE 5 : FIXED ASSETS 2004**

	at cost	at valuation	accumulated depreciation	carrying value
	\$	\$	\$	\$
Land and Buildings		674,843		674,843
Reticulation System		96,400,111	-	96,400,111
Customer billing and Information system	26,729		19,758	6,971
Motor Vehicles	267,729		103,702	164,027
Office Equipment	410,122		333,969	76,153
Other Plant & Equipment	152,363		9,491	142,872
Other Capital Works	30,344			30,344
	<u>887,287</u>	<u>97,074,954</u>	<u>466,920</u>	<u>97,495,321</u>

**FIXED ASSETS 2005**

	at cost	at valuation	accumulated depreciation	carrying value
	\$	\$	\$	\$
Land and Buildings		562,028	17,462	544,566
Reticulation System		101,182,128	3,792,718	97,389,410
Customer billing and Information system	77,390		37,536	39,854
Motor Vehicles	374,756		149,607	225,149
Office Equipment	463,106		401,571	61,535
Other Plant & Equipment	181,775		38,955	142,820
Capital Work in Progress	-			-
	<u>1,097,027</u>	<u>101,744,156</u>	<u>4,437,849</u>	<u>98,403,334</u>

	2005 \$'000'	2004 \$'000'
<b>NOTE 6 : LOANS</b>		
"Other" (The Lines Company Activities)	14,654	13,981
Perpetual	3,000	3,000
Bank of New Zealand Loan	11,100	11,200
	<u>28,754</u>	<u>28,181</u>

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY**

	2005 \$'000'	2004 \$'000'
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**NOTE 7 : DEFERRED TAX**

Fixed Assets	7,259	12,295
Accruals & Provisions	<u>(213)</u>	<u>(213)</u>
	<u>7,046</u>	<u>12,082</u>

**NOTE 8 : SHORT TERM LOANS**

Bank of New Zealand Loans that were classified as short term have been reclassified as non-current, because they are all part of the same borrowing facility.

**NOTE 9 : SEGMENTAL INFORMATION**

The Lines Company Limited operates predominantly in one geographical segment. It is located in the mid-central North Island in the King Country. The head office is located in Te Kuiti.

**NOTE 10 : CAPITAL COMMITMENT**

As at year end the company had no capital commitment (2004:NIL).

**NOTE 11 : CASHFLOW RECONCILIATION WITH NET PROFIT**

Net Profit after Tax and Customer Discount	811	568
Add: Non cash items		
Depreciation	<u>4,084</u>	<u>3,104</u>
	4,895	3,672
Add/Less: Movements in Working Capital		
(Increase)/Decrease in Receivables	(111)	(925)
(Increase)/Decrease in Inventory	100	(40)
(Increase)/Decrease in Work in Progress	(122)	23
Increase/(Decrease) in Creditors	(352)	471
Increase/(Decrease) in Provision for Discount	172	(211)
Increase/(Decrease) in Other	<u>297</u>	<u>232</u>
	(16)	(450)
Net cashflows from operating activities	<u>4,879</u>	<u>3,222</u>

**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY****NOTE 12 : RELATED PARTY TRANSACTIONS**

- a) The related party is the contracting division of The Lines Company.
- b) The period covered in these statements are 1st April 2004 to 31st March 2005.
- c) There are no outstanding balances and no related party debts have been written off.
- c) Maintenance work is recorded on the basis of material at cost plus 15% and labour & plant at \$45 per hour. Capital expenditure is recorded at ODV values.
- d) Construction of the following types of assets were undertaken for the lines business.

	2005 \$000's	2004 \$000's
(i) Construction of Subtransmission Assets	523	648
(ii) Construction of Zone Substations	200	599
(iii) Construction of Distribution Lines and Cables	2,198	3,559
(iv) Construction of Medium Voltage Switchgear	537	225
(v) Construction of Distribution Substations	557	430
(vi) Construction of Low Voltage Reticulation	22	187
(vii) Construction of Other Assets	354	-
(viii) Consumer connections & disconnections	97	121
(ix) Maintenance of distribution system	1,460	1,854
	<u>5,947</u>	<u>7,623</u>

During the year company paid Waitomo Energy Services Customer Trust \$55,000 of interest on a subordinated debenture.



**THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY**

	<b>2005 \$'000'</b>	<b>2004 \$'000'</b>
<b>NOTE 13 : ODV RECONCILIATION</b>		
System Fixed Assets at ODV (at the end of the previous year)	96,400	77,123
New Revaluation of System Fixed Assets (previous year)	<u>-</u>	<u>-</u>
System Fixed Assets at ODV (Beginning of Year)	96,400	77,123
System Fixed Assets Acquired during year at ODV	4,782	5,768
System Fixed Assets Disposed of during year at ODV	-	-
Depreciation on System Fixed Assets at ODV	(3,793)	(2,962)
Revaluations of Systems Fixed Assets	-	16,471
System Fixed Assets at ODV (at the end of the current year)	<u><u>97,389</u></u>	<u><u>96,400</u></u>

As at 31st March 2004 the ODV Valuation of the lines business as certified by PricewaterhouseCoopers was \$97,003,343. Included in that valuation was a Generator Truck with DRC of \$132,322 and Strategic Stores of \$470,910, which been accounted for as Inventory and Plant at their financial value in these accounts.

**THE LINE COMPANY LIMITED - LINE BUSINESS ACTIVITY**

Form for the derivation of Financial Performance Measures from Financial Statements-Schedule 1, Part 7

<i>Derivation Table</i>	<i>Input and Calculat.</i>	<i>Symbol in form.</i>	<i>ROF</i>	<i>ROE</i>	<i>ROI</i>
Operating surplus before interest and tax (OSBIT)	3,357				
Interest on cash,bank & short term investments (ISTI)	16				
OSBIT minus ISTI	3,342	<i>a</i>	3,342		3,342
Net surplus after tax from financial statements	811	<i>n</i>		811	
Amortised Goodwill	-	<i>g</i>	-	-	-
Subvention Payment	-	<i>s</i>	-	-	-
Depreciation of SFA at BV (x)	3,793				
Depreciation of SFA at ODV (y)	3,793				
ODV Depreciation adjustment	-	<i>d</i>	-	-	-
Subvention Payment tax adjustment	-	<i>s*t</i>	-	-	-
Interest Tax Shield	840	<i>q</i>			840
Revaluations	-	<i>r</i>			-
Income Tax	400	<i>p</i>			400
<b>Numerator</b>			<b>3,342</b>	<b>811</b>	<b>2,102</b>
Fixed Assets at Start of Year	97,495				
Fixed Assets at Year End	98,403				
Net Working Capital at end of previous financial year	(3,972)				
Net Working Capital at end of current financial year	(3,096)				
Average Total Funds Employed (ATFE)	94,415	<i>c</i>	94,415		94,415
Total Equity at end of previous financial year	53,260				
Total Equity at end of current financial year	59,507				
Average Total Equity	56,384	<i>k</i>		56,384	
Works Under Construction at end of previous year	30				
Works Under Construction at end of current year	-				
Average Total Works Under Construction	15	<i>e</i>	15	15	15
Revaluations	-	<i>r</i>			
Half of revaluations	-	<i>r/2</i>			-
Intangible assets at end of previous financial year	-				
Intangible assets at end of current financial year	-				
Average total intangible asset	-	<i>m</i>		-	
Subvention Payment at end of previous financial year	-				
Subvention Payment at end of current financial year	-				
Subvention Payment Tax Adjustment previous year	-				
Subvention Payment Tax Adjustment current year	-				
Average Subvention payment and tax adjustment	-	<i>v</i>		-	
System Fixed Assets at end of previous year at BV	96,400				
System Fixed Assets at end of current year at BV	97,389				
Average value of system fixed assets at BV	96,895	<i>f</i>	96,895	96,895	96,895
System Fixed Assets at year beginning at ODV	96,400				
System Fixed Assets at end of current year at ODV	97,389				
Average value of system fixed assets at ODV	96,895	<i>h</i>	96,895	96,895	96,895
<b>Denominator</b>			<b>94,400</b>	<b>56,368</b>	<b>94,400</b>
<b>Financial Performance Measure</b>			<b>3.54%</b>	<b>1.44%</b>	<b>2.23%</b>

## THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY

Disclosure of financial performance measures and efficiency performance measures under regulation 15 of the Electricity (Information Disclosure) Regulations 2004 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

	2005	2004	2003	2002
<b>1 Financial performance measures</b>				
(a) Accounting return on funds	3.54%	3.20%	2.76%	2.26%
(b) Accounting return on equity	1.44%	1.20%	1.97%	2.09%
(c) Accounting return on investment	2.23%	25.14%	7.72%	-6.44%
<b>2 Efficiency performance measures</b>				
(a) Direct line costs per kilometer	\$818	\$582	\$629	\$605
(b) Indirect line costs per electricity customer.	\$45	\$42	\$42	\$34

Disclosure of energy delivery efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 2004 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

<b>1 (a) Load Factor</b>	64.61%	59.77%	51.92%	52.63%
<b>(b) Loss Ratio</b>	7.35%	7.34%	6.77%	7.20%
<b>(c) Capacity Utilisation</b>	27.60%	29.55%	33.96%	32.89%
<b>2 (a) System lengths (kms)</b>				
- 33kV	460.5	500.5	465.5	399
- 11kV	3292.2	3,631.7	3,674.3	3,573
- LV	623.3	636.0	690.8	630
- Total	<u>4,376.0</u>	<u>4,768.2</u>	<u>4,830.6</u>	<u>4,602</u>
<b>(b) Circuit length (overhead) (kms)</b>				
- 33kV	460.08	500.2	465.1	398
- 11kV	3215.0	3,552.7	3,588.0	3,498
- LV	458.2	471.3	519.6	462
- Total	<u>4,133.3</u>	<u>4,524.2</u>	<u>4,572.7</u>	<u>4,359</u>
<b>(c) Circuit length (underground) (kms)</b>				
- 33 kV	0.5	0.3	0.4	0
- 11 kV	77.2	79.0	86.3	75
- LV	165.1	164.7	171.2	168
- Total	<u>242.8</u>	<u>244.0</u>	<u>257.9</u>	<u>243</u>
<b>(d) Transformer capacity (kVA)</b>	201,408	193,974	192,122	188,798
<b>(e) Maximum demand (kW)</b>	55,580	57,320	65,240	62,090
<b>(f) Total electricity supplied (kWH)(000's)</b>	314,591	300,100	296,727	286,248
<b>(g) Total electricity conveyed on behalf of other persons.</b>				
Retailer A	36,139	16,031	-	59
Retailer B	3,718	3,002	4,717	4,646
Retailer C	815	717	1,847	1,944
Retailer D	14,862	13,947	10,052	4,811
Retailer E				259
Retailer F	19,973	11,953	11,456	21,093
Retailer G	12,017	11,876	11,015	8,568
Retailer H	1,769	2,171	1,349	719
Retailer I	202,160	218,381	236,204	223,538
	<u>291,453</u>	<u>278,078</u>	<u>276,640</u>	<u>262,898</u>
<b>(h) Total customers</b>	25,535	25,197	25,045	25,712

## THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY

### Reliability Performance Measures (Regulation 22)

#### 1 Total number of Interruptions according to class

	2005	2004	2003	2002	2001
Planned (Transpower)	1	3	3	3	1
Planned (TLC)	279	334	659	546	435
Unplanned (TLC)	397	497	587	375	447
Unplanned (Transpower)	8	4	2	9	5
Generation (Others)	0	0	0	0	2
Other (Private Lines)	44	24	0	0	0
<b>Total</b>	<b>729</b>	<b>862</b>	<b>1251</b>	<b>933</b>	<b>890</b>

#### 2 Interruption targets for the following year

#### 3 and for the subsequent four financial years

	2006	2007	2008	2009	2010	Average 2006/10
Planned (TLC)	450	450	450	450	450	450
Unplanned (TLC)	386	373	360	348	336	361

#### 4 Percentage of total number for faults not restored in 3 or 24 hours

#### Unplanned (TLC) faults for 2004/05

	Number	% of Outages
Not Restored in 3 hours	69	17%
Not Restored in 24 hours	0	0%

#### 5a Total number of faults per 100km of lines for :

	2005	2004	2003	2002
Faults per 100km				
33kV	10.5	14.6	15.7	7.4
11kV	9.7	11.7	14.0	7.0
<b>Total</b>	<b>9.8</b>	<b>12.0</b>	<b>14.2</b>	<b>7.1</b>

#### 5b Target for the following year

#### 5c and the subsequent 4 financial years

	2006	2007	2008	2009	2010	Average 2006/10
Faults per 100km						
33kV	10.2	9.8	9.3	8.9	8.5	9.3
11kV	10.3	10.0	9.6	9.3	9.0	9.6
<b>Total</b>	<b>10.3</b>	<b>9.9</b>	<b>9.6</b>	<b>9.3</b>	<b>9.0</b>	<b>9.6</b>

#### 6a Total number of faults per 100km of underground lines for :

	2005	2004	2003	2002
Faults per 100km				
33kV	0.0	0.0	0.0	0.0
11kV	6.5	6.9	6.9	2.7
<b>Total</b>	<b>6.4</b>	<b>6.9</b>	<b>6.9</b>	<b>2.7</b>

#### 6b Target for the following year

#### 6c and the subsequent 4 financial years

	2006	2007	2008	2009	2010	Average 2006/10
Faults per 100km						
33kV	0.0	0.0	0.0	0.0	0.0	0.0
11kV	5.2	3.9	2.6	2.6	2.6	3.4
<b>Total</b>	<b>5.2</b>	<b>3.9</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>3.3</b>

#### 7a Total number of faults per 100km of overhead lines for :

	2005	2004	2003	2002
Faults per 100km				
33kV	11.1	14.6	15.7	7.4
11kV	11.1	11.8	14.2	7.1
<b>Total</b>	<b>10.7</b>	<b>12.1</b>	<b>14.3</b>	<b>7.2</b>

#### 7b Target for the following year

#### 7c and the subsequent 4 financial years

	2006	2007	2008	2009	2010	Average 2006/10
Faults per 100km						
33kV	10.2	9.8	9.3	8.9	8.5	9.3
11kV	10.4	10.1	9.8	9.5	9.2	9.8
<b>Total</b>	<b>10.4</b>	<b>10.1</b>	<b>9.7</b>	<b>9.4</b>	<b>9.1</b>	<b>9.7</b>

## THE LINES COMPANY LIMITED - LINE BUSINESS ACTIVITY

### 8 SAIDI for total of interruptions during :

	2005	2004	2003	2002
SAIDI	305.6	400.2	729.0	564.2

### 9 SAIDI targets for the following year

#### 10 and for the subsequent four financial years

	2006	2007	2008	2009	2010	Average 2006/10
Planned (TLC)	117.0	105.6	96.8	96.8	96.8	102.6
Unplanned (TLC)	241.0	221.4	203.2	203.2	203.2	214.4

### 11 SAIDI according to class

	2005	2004	2003	2002
Planned (Transpower)	38.5	7.9	48.9	41.0
Planned (TLC)	79.5	78.2	226.2	199.3
Unplanned (TLC)	146.1	264.4	450.4	265.0
Unplanned (Transpower)	30.0	36.5	3.5	58.9
Generation (Others)	0.0	0.0	0.0	0.0
Other (Private Lines)	11.6	13.2	0.0	0.0

### 12 SAIFI for total of interruptions during :

	2005	2004	2003	2002
SAIFI	4.02	4.96	7.15	6.55

### 13 SAIFI targets for the following year

#### 14 and for the subsequent four financial years

	2006	2007	2008	2009	2010	Average 2006/10
Planned (TLC)	0.6	0.5	0.5	0.5	0.5	0.5
Unplanned (TLC)	3.6	3.5	3.4	3.4	3.4	3.5

### 15 SAIFI according to class

	2005	2004	2003	2002
Planned (Transpower)	0.11	0.38	0.16	0.21
Planned (TLC)	0.43	0.46	1.12	0.95
Unplanned (TLC)	2.52	3.48	5.71	4.44
Unplanned (Transpower)	0.84	0.45	0.15	0.95
Generation (Others)	0.00	0.00	0.00	0.00
Other (Private Lines)	0.12	0.18	0.00	0.00

### 16 CAIDI for total of interruptions during :

	2005	2004	2003	2002
CAIDI	76.1	80.7	102.0	86.1

### 17 CAIDI targets for the following year

#### 18 and for the subsequent four financial years

	2006	2007	2008	2009	2010	Average 2006/10
Planned (TLC)	208.1	195.6	184.4	184.4	184.4	191.4
Unplanned (TLC)	66.2	63.4	60.2	60.2	60.2	62.1

### 19 CAIDI according to class

	2005	2004	2003	2002
Planned (Transpower)	357.0	20.6	300.3	193.1
Planned (TLC)	185.1	169.4	202.5	210.2
Unplanned (TLC)	58.0	76.0	78.8	59.7
Unplanned (Transpower)	35.6	80.5	22.6	62.3
Generation (Others)	0.0	0.0	0.0	0.0
Other (Private Lines)	100.3	72.2	0.0	0.0