



# New Zealand Gazette

OF THURSDAY, 16 NOVEMBER 2006

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WELLINGTON: FRIDAY, 17 NOVEMBER 2006 — ISSUE NO. 138

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## WANGANUI GAS LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION  
DISCLOSURE) REGULATIONS 1997



**FINANCIAL STATEMENTS PREPARED  
FOR THE GAS (Information Disclosure)  
REGULATIONS 1997**

Reg. 32 (2)

Form 4

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES  
AND STATISTICS**

We, Dr D J Warburton and R M Janes, Directors of Wanganui Gas Limited, certify that, having made all reasonable enquiry, to the best of our knowledge

- (a) The attached audited financial statements of Wanganui Gas Limited, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997, comply with the requirements of that regulation; and
- (b) The attached information, being financial performance measures, efficiency performance measures, energy delivery performance measures and statistics, and reliability performance measures in relation to Wanganui Gas Limited, and having been prepared for the purposes of regulations 15 to 19 of the Gas (Information Disclosure) Regulations 1997, complies with the requirements of those regulations.

.....  
Dr D J Warburton

.....  
R M Janes

Date: .....1.....November.....2006.....

**Statement of Financial Performance***For the Year ended 30 June 2006*

	Note	Distribution		Retail	
		2006 \$	2005 \$	2006 \$	2005 \$
REVENUE		\$ 3,917,105	\$ 3,753,671	\$25,223,568	\$ 24,079,467
NET SURPLUS BEFORE TAXATION	2	\$ 1,210,599	\$ 1,334,834	\$ 2,169,415	\$ 658,510
Taxation expense	3	\$ 426,977	\$ 403,906	\$ 716,981	\$ 221,677
NET SURPLUS AFTER TAXATION		\$ 783,622	\$ 930,928	\$ 1,452,434	\$ 436,833

**Statement of Movement in Equity***For the Year ended 30 June 2006*

	Note	Distribution		Retail	
		2006 \$	2005 \$	2006 \$	2005 \$
EQUITY AS AT 1 JULY		\$ 12,546,613	\$ 12,529,495	\$ 533,913	\$ 633,270
Net surplus after tax		\$ 783,622	\$ 930,928	\$ 1,452,434	\$ 436,833
Increase in revaluation reserve		\$ 5,065,163	\$ -	\$ -	\$ -
Total recognised revenue and expenses for the year		\$ 5,848,785	\$ 930,928	\$ 1,452,434	\$ 436,833
Dividend to shareholders		\$ 679,859	\$ 913,810	\$ 820,142	\$ 536,190
EQUITY AS AT 30 JUNE		\$ 17,715,539	\$ 12,546,613	\$ 1,166,205	\$ 533,913

**Statement of Financial Position***As at 30 June 2006*

	Note	Distribution		Retail	
		2006 \$	2005 \$	2006 \$	2005 \$
<b>NON CURRENT ASSETS</b>					
Fixed assets	4	\$ 23,941,182	\$ 18,813,226	\$ 150,042	\$ 261,824
Investments		\$ 25,001	\$ 50,001	\$ -	\$ -
Total non-current assets		\$ 23,966,183	\$ 18,863,227	\$ 150,042	\$ 261,824
<b>CURRENT ASSETS</b>					
General bank account		\$ -	\$ -	\$ 2,753,080	\$ 1,632,499
Accounts receivable	5	\$ 509,441	\$ 418,465	\$ 3,497,554	\$ 3,102,353
Inventories		\$ 178,369	\$ 184,849	\$ -	\$ -
Provisional tax		\$ 7,285	\$ 18,491	\$ 10,658	\$ 9,431
Total current assets		\$ 695,095	\$ 621,805	\$ 6,261,292	\$ 4,744,283
<b>TOTAL ASSETS</b>		<b>\$ 24,661,278</b>	<b>\$ 19,485,032</b>	<b>\$ 6,411,334</b>	<b>\$ 5,006,107</b>
<b>EQUITY</b>					
Share capital	6	\$ 5,264,435	\$ 5,264,435	\$ 199,835	\$ 199,835
Retained earnings		\$ 801,073	\$ 697,310	\$ 966,370	\$ 334,078
Asset revaluation reserve		\$ 11,650,031	\$ 6,584,868	\$ -	\$ -
Total equity		\$ 17,715,539	\$ 12,546,613	\$ 1,166,205	\$ 533,913
<b>TERM LIABILITIES</b>					
Credit line facility	7	\$ 4,137,209	\$ 6,048,379	\$ 1,993,074	\$ 1,966,588
Non-current finance lease	8	\$ 9,912	\$ 8,507	\$ 10,433	\$ 9,410
		\$ 4,147,121	\$ 6,056,886	\$ 2,003,507	\$ 1,975,998
<b>CURRENT LIABILITIES</b>					
General bank account		\$ 2,481,077	\$ 641,107	\$ -	\$ -
Accounts payable & accruals		\$ 242,290	\$ 158,331	\$ 3,071,342	\$ 2,307,348
Provision for employee entitlements		\$ 66,833	\$ 69,022	\$ 38,216	\$ 39,622
Consumer deposits		\$ -	\$ -	\$ 123,204	\$ 134,766
Current finance lease	8	\$ 8,418	\$ 13,073	\$ 8,860	\$ 14,460
Taxation payable		\$ -	\$ -	\$ -	\$ -
Provision for dividend		\$ -	\$ -	\$ -	\$ -
Total current liabilities		\$ 2,798,618	\$ 881,533	\$ 3,241,622	\$ 2,496,196
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>\$ 24,661,278</b>	<b>\$ 19,485,032</b>	<b>\$ 6,411,334</b>	<b>\$ 5,006,107</b>

**Notes to the Financial Statements**

*For the Year ended 30 June 2006*

**1. Statement of Accounting Policies****Reporting Entity**

Wanganui Gas Limited is a company formed in accordance with the Energy Companies Act 1992 and registered under the Companies Act 1993. For the purpose of preparing Disclosure accounts in accordance with the Gas (Information Disclosure) Regulations 1997 the annual accounts of Wanganui Gas Limited have been divided into two entities, Distribution and Retail. The balance of Wanganui Gas Limited's accounts have not been disclosed as it pertains to appliance trading activity.

As required by the Gas (Information Disclosure) Regulations 1997, 'Distribution' involves the ownership, and maintenance of a gas distribution system, and conveyance of gas via the system. 'Retail' involves supply of gas to consumers.

The gas information disclosure and financial statements of Wanganui Gas Limited have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997.

**Methodology of Separation of Business**

The Methodology used in relation to the allocation of costs, revenue, assets and liabilities between Retail and Distribution businesses will be available for public inspection no later than 30 November 2006.

**General Accounting Policies**

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis have been followed, with the exception of distribution network assets which have been valued at depreciated replacement cost. The Financial Statements are prepared in accordance with New Zealand generally accepted accounting practice. Reliance is placed on the fact that the company is a going concern.

**Particular Accounting Policies**

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

**Accrued Gas Sales**

Gas sales include an accrual for gas supplied but not invoiced at the end of the financial period.

**Capital Contributions**

Capital contributions received from customers are recognised as income in the period received.

**Revenue**

Revenue is derived from the Sale of Energy, and Distribution Services. Such revenue is recognised when earned and is reported in the financial period to which it relates.

**Goods and Service Tax**

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable which are stated with GST included.

**Accounts Receivable**

Accounts Receivable are stated at their estimated realisable value, after providing for doubtful debts.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to inventories on hand at balance date using weighted average cost.

Investments

Investments are stated at cost price or net realisable value.

Property Plant and Equipment

The distribution network is valued at the most recent depreciated replacement cost value, adjusted by additions (at cost), disposals and depreciation. Revaluations are carried out every three years and reviewed by independent experts. All other fixed assets are recorded at cost.

Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets, at rates calculated to allocate the assets cost, or depreciated replacement cost, less estimated residual life, over their estimated useful lives.

Major depreciation rates are:

Mains & Services	1-10% S.L
Condition Renewals	2% S.L
Meters & Customer Station Rebuilds	1-10% S.L
Vehicles, Plant, Office Equipment & Furniture and Fittings	20% S.L
Computer Hardware & Software	33% S.L
Leasehold Improvements	10-15% S.L

Financial Instruments

The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Employee Entitlements

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

Income Tax

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

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

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

Finance Leases

Leases which effectively transfer to the lessee substantially all the risks and benefits incident to the ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the company is expected to benefit from their use.

Changes In Accounting Policies

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

**2. Surplus Before Taxation**

	Distribution		Retail	
	2006 \$	2005 \$	2006 \$	2005 \$
After charging:				
Audit fees	\$ 8,327	\$ 7,273	\$ 23,028	\$ 21,200
Audit fees other services	\$ 1,256	\$ 1,043	\$ 3,473	\$ 3,042
Depreciation : Distribution network	\$ 733,674	\$ 541,880	\$ -	\$ -
Leasehold improvements	\$ 23,424	\$ 10,338	\$ 2,250	\$ 2,396
Vehicles	\$ 25,888	\$ 21,144	\$ 2,597	\$ 5,540
Office equipment	\$ 5,109	\$ 5,910	\$ 1,932	\$ 3,148
Furniture & fittings	\$ 4,727	\$ 2,935	\$ 3,928	\$ 2,424
Plant & equipment	\$ 24,141	\$ 17,368	\$ 135	\$ 198
Computer h/ware & s/ware	\$ 114,032	\$ 115,725	\$ 120,093	\$ 114,849
	\$ 930,995	\$ 715,300	\$ 130,935	\$ 128,555
Directors' fees	\$ 39,064	\$ 35,000	\$ 35,157	\$ 31,500
Interest: fixed loans	\$ 370,799	\$ 397,633	\$ 144,149	\$ 116,967
Rental & operating lease costs	\$ 68,010	\$ 68,014	\$ 28,839	\$ 28,985
Movements in provision for doubtful debts	\$ -	\$ -	\$ 2,610	\$ 11,411
Bad debts written off	\$ -	\$ -	\$ 71,540	\$ 50,564
After crediting:				
Interest from short term deposits	-\$ 34,675	-\$ 18,723	\$ 48,706	\$ 51,562
Profit on sales of assets	\$ 2,217	\$ 8,695	\$ 461	\$ 3,540
Dividends received	\$ 302	\$ 986	\$ -	\$ -

**3. Taxation Expense**

Net profit before taxation	\$ 1,210,599	\$ 1,334,834	\$ 2,169,415	\$ 658,510
Prima facie taxation	\$ 399,498	\$ 440,495	\$ 715,907	\$ 217,308
Plus (Less):				
Non deductible items	\$ 11,815	\$ 23,858	\$ 70	\$ 310
Non taxable income	\$ -	\$ -	\$ -	\$ -
Unrecognised timing differences	\$ 15,664	-\$ 60,447	\$ 1,004	\$ 4,059
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -
Taxation expense for the period	\$ 426,977	\$ 403,906	\$ 716,981	\$ 221,677
The taxation charge is represented by:				
Current taxation	\$ 426,977	\$ 403,906	\$ 716,981	\$ 221,677

The Company has not recognised the deferred tax liability on timing differences which are not expected to reverse in the foreseeable future. The tax liability in respect of these timing differences at 33% is \$2,451,757 (2005: \$2,661,703) for Distribution and a future tax benefit to Retail of -\$35,412 (2005: \$147,883).

**4. Fixed Assets**

	Distribution					
	Cost	2006 Accumulated Depreciation	Book Value	Cost	2005 Accumulated Depreciation	Book Value
Distribution network:						
Revalued assets	\$23,235,319	\$ 726,727	\$ 22,508,592	\$17,986,660	\$ 1,061,621	\$ 16,925,039
At Cost	\$ 717,822	\$ 6,947	\$ 710,875	\$ 1,278,549	\$ 33,432	\$ 1,245,117
	<u>\$23,953,141</u>	<u>\$ 733,674</u>	<u>\$ 23,219,467</u>	<u>\$19,265,209</u>	<u>\$ 1,095,053</u>	<u>\$ 18,170,156</u>
Fixed assets at cost:						
Leasehold improvements	\$ 590,810	\$ 425,726	\$ 165,084	\$ 493,010	\$ 344,429	\$ 148,581
Vehicles	\$ 249,827	\$ 89,910	\$ 159,917	\$ 199,707	\$ 81,562	\$ 118,145
Office equipment	\$ 58,531	\$ 55,135	\$ 3,396	\$ 58,236	\$ 53,551	\$ 4,685
Furniture & fittings	\$ 84,135	\$ 58,425	\$ 25,710	\$ 65,426	\$ 43,722	\$ 21,704
Plant & equipment	\$ 344,550	\$ 204,841	\$ 139,709	\$ 252,117	\$ 161,094	\$ 91,023
Leased assets	\$ 64,500	\$ 40,580	\$ 23,920	\$ 99,470	\$ 37,967	\$ 61,503
Computer h/ware & s/ware	\$ 977,787	\$ 773,808	\$ 203,979	\$ 694,311	\$ 496,882	\$ 197,429
	<u>\$ 2,370,140</u>	<u>\$ 1,648,425</u>	<u>\$ 721,715</u>	<u>\$ 1,862,277</u>	<u>\$ 1,219,207</u>	<u>\$ 643,070</u>
Total Assets	<u>\$26,323,281</u>	<u>\$ 2,382,099</u>	<u>\$ 23,941,182</u>	<u>\$21,127,486</u>	<u>\$ 2,314,260</u>	<u>\$ 18,813,226</u>

	Retail					
	Cost	2006 Accumulated Depreciation	Book Value	Cost	2005 Accumulated Depreciation	Book Value
Fixed assets at cost:						
Leasehold improvements	\$ 122,828	\$ 88,507	\$ 34,321	\$ 200,728	\$ 140,233	\$ 60,495
Vehicles	\$ 51,938	\$ 18,692	\$ 33,246	\$ 81,310	\$ 33,208	\$ 48,102
Office equipment	\$ 12,168	\$ 11,462	\$ 706	\$ 23,710	\$ 21,804	\$ 1,906
Furniture & fittings	\$ 17,492	\$ 12,147	\$ 5,345	\$ 26,638	\$ 17,801	\$ 8,837
Plant & equipment	\$ 71,631	\$ 42,586	\$ 29,045	\$ 102,649	\$ 65,589	\$ 37,060
Leased assets	\$ 13,409	\$ 8,436	\$ 4,973	\$ 40,499	\$ 15,458	\$ 25,041
Computer h/ware & s/ware	\$ 203,279	\$ 160,873	\$ 42,406	\$ 282,687	\$ 202,304	\$ 80,383
	<u>\$ 492,745</u>	<u>\$ 342,703</u>	<u>\$ 150,042</u>	<u>\$ 758,221</u>	<u>\$ 496,397</u>	<u>\$ 261,824</u>
Total assets	<u>\$ 492,745</u>	<u>\$ 342,703</u>	<u>\$ 150,042</u>	<u>\$ 758,221</u>	<u>\$ 496,397</u>	<u>\$ 261,824</u>

The distribution network is valued at depreciated replacement cost, as at 1 July 2005 by Geoff Evans, B.E (Mech) - Network Manager and reviewed in accordance with the FRS-3 by Bruce Wattie CA, BCA, Partner - Financial Advisory Services, of PricewaterhouseCoopers, and James Coe B.Sc, B.E (Electrical), M.B.A, and member of IPENZ - Director, JT Consulting Limited.

**5. Accounts Receivable**

	Distribution		Retail	
	2006 \$	2005 \$	2006 \$	2005 \$
Trade debtors	\$ 509,441	\$ 418,465	\$ 3,556,060	\$ 3,155,450
Provision for doubtful debts	\$ -	\$ -	\$ 58,506	\$ 53,097
	<u>\$ 509,441</u>	<u>\$ 418,465</u>	<u>\$ 3,497,554</u>	<u>\$ 3,102,353</u>
	<u>\$ 509,441</u>	<u>\$ 418,465</u>	<u>\$ 3,497,554</u>	<u>\$ 3,102,353</u>



**6. Share Capital**

Authorised capital:		<b>2006</b>		<b>2005</b>
		<b>\$</b>		<b>\$</b>
Distribution - 5,264,435 Ordinary shares of \$1 each fully paid up		\$ 5,264,435		\$ 5,264,435
Retail - 199,835 Ordinary shares of \$1 each fully paid up		\$ 199,835		\$ 199,835

**7. Long Term Liabilities**

	Distribution		Retail	
	2006	2005	2006	2005
	\$	\$	\$	\$
Westpac Banking Corporation				
Multi Option Credit Line Facility	\$ 4,137,209	\$ 6,048,379	\$ 1,993,074	\$ 1,966,588
Less current portion	\$ -	\$ -	\$ -	\$ -
Non-current portion	<u>\$ 4,137,209</u>	<u>\$ 6,048,379</u>	<u>\$ 1,993,074</u>	<u>\$ 1,966,588</u>

Term: Three years to December 2005 and extended by 1 year to 2006.

Repayments: The term loan matures in December 2006.

The intention is to roll forward the term debt beyond the next 12 months.

Security: First ranking debenture providing for fixed and floating charges over all assets.

Average Interest Rate Over Year: 7.87% (2005:7.07%)

The Company has a multi option credit line facility of \$8,700,000 which is not fully drawn down.

The Company has a bank overdraft facility of \$250,000 (2005:\$250,000).

**8. Finance Lease Liabilities**

	Distribution		Retail	
	2006	2005	2006	2005
	\$	\$	\$	\$
Not later than one year	\$ 10,179	\$ 15,081	\$ 10,712	\$ 16,681
Later than one year and not later than two years	\$ 4,423	\$ 9,002	\$ 4,657	\$ 9,957
Later than two year and not later than five years	\$ 8,095	\$ 1,134	\$ 8,521	\$ 1,255
Later than five years	\$ -	\$ -	\$ -	\$ -
	<u>\$ 22,697</u>	<u>\$ 25,217</u>	<u>\$ 23,890</u>	<u>\$ 27,893</u>
Future finance charges	\$ 4,367	3,637	4,597	4,023
Recognised as a liability	<u>\$ 18,330</u>	<u>\$ 21,580</u>	<u>\$ 19,293</u>	<u>\$ 23,870</u>
Representing lease liabilities				
Current	\$ 8,418	\$ 13,073	\$ 8,860	\$ 14,460
Non-current	\$ 9,912	\$ 8,507	\$ 10,433	\$ 9,410
	<u>\$ 18,330</u>	<u>\$ 21,580</u>	<u>\$ 19,293</u>	<u>\$ 23,870</u>

**9. Imputation Credit Account**

	Distribution		Retail	
	2006	2005	2006	2005
	\$	\$	\$	\$
Opening Balance	\$ 319,109	\$ 556,897	-\$ 206,535	-\$ 50,459
PLUS:				
Income tax paid	\$ 454,794	\$ 345,960	\$ 665,357	\$ 176,429
Imputations on dividends received	\$ 149	\$ 485	\$ -	\$ -
LESS:				
Terminal tax refund	-\$ 3,150	-\$ 134,146	-\$ 4,608	-\$ 68,410
Imputations attached to dividends paid	-\$ 334,857	-\$ 450,087	-\$ 403,953	-\$ 264,095
Balance 30 June 2006	<u>\$ 436,045</u>	<u>\$ 319,109</u>	<u>\$ 50,261</u>	<u>-\$ 206,535</u>

**10. Financial Instruments**

Financial Instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable. Generally the Company does not require collateral. Maximum exposure to credit risk is the amount stated in the financial statements and is net of any recognised provision for losses on these financial instruments. An amount of \$123,204 (2005 : \$134,766) is included in Retail's current liabilities which is the value of consumer deposits held. No other collateral is held on these amounts.

The Company is not exposed to any concentrations of risk or currency risk.

The Company has no bank overdraft facility.

The methods and assumptions used are that the carrying amount in the financial statements reflects the estimated fair value of the financial instruments including receivables, bank and investments and accounts payable.

The Company has long term borrowings which are used to fund ongoing activities.

The Company has arranged a bank guarantee for \$388,203 (2005: \$335,000) which is required by Vector Ltd to (\$335,000) to gain access to their distribution networks and Maui Development Limited (\$53,203) for use of the Maui pipeline under the open access agreement.

**Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return on investments.

The interest rates on the Company's investments are 6.68% to 7.44%.(2005: 5.65% to 6.80%).

	Distribution		Retail	
	2006	2005	2006	2005
	\$	\$	\$	\$
Short term deposits	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000

The Directors do not consider there is any significant exposure to interest rate risk on the Company's investments.

The interest rates on the Company's borrowings are disclosed in note 7. Interest rates are reviewed regularly.

There are no interest rate options or interest rate swap agreements in place as at 30 June 2006 (2005 : Nil).

**Currency Risk**

No currency risk.

**11. Related Party Transactions**

The following transactions occurred during the period with Related Parties:

	Distribution		Retail	
	2006 \$	2005 \$	2006 \$	2005 \$
<u>Wanganui District Council</u> by virtue of it's 100% ownership of WDCHL (74.9% Shareholder) ( D J Warburton, Chief Executive )				
Rent	\$ 68,010	\$ 68,014	\$ 28,839	\$ 28,985
IT services	\$ 42,853	\$ 41,716	\$ 42,588	\$ 36,408
Rates	\$ 37,842	\$ 36,084	\$ 1,173	\$ 1,243
Other	\$ 33,384	\$ 298	\$ 31,947	\$ 318
	<u>\$ 182,089</u>	<u>\$ 146,112</u>	<u>\$ 104,547</u>	<u>\$ 66,954</u>

Vector by virtue of it's 100% ownership of NGC Investments Ltd (25.1% Shareholder)  
( S L Bielby, General Counsel, M P Stiassny, Chairman )

Gas purchases & transmission services	\$ -	\$ -	\$ 15,786,782	\$ 9,865,675
Other	\$ 3,340	\$ 10,981	\$ 3,197	\$ 11,716
	<u>\$ 3,340</u>	<u>\$ 10,981</u>	<u>\$ 15,789,979</u>	<u>\$ 9,877,391</u>

Doyle & Associates  
( M J Doyle, Principal )

Consulting	\$ 645	\$ -	\$ 581	\$ -
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WGL Transactions to NGC

Transport related charges	\$ 70,371	\$ 55,921	\$ -	\$ -
Gas trading	\$ -	\$ -	\$ -	\$ 213,457
Other	\$ 17,552	\$ 304	\$ -	\$ -
	<u>\$ 87,923</u>	<u>\$ 56,225</u>	<u>\$ -</u>	<u>\$ 213,457</u>

Amounts Owed to Related Parties at Balance date were:

Wanganui District Council	\$ 36,731	\$ 3,015	\$ 21,089	\$ 1,381
Vector Ltd	\$ 387	\$ 773	\$ 1,829,143	\$ 695,045
Doyle & Associates	\$ 270	\$ -	\$ 243	\$ -

All Transactions were conducted on normal commercial terms.

Wanganui Gas Ltd is a company owned by Wanganui District Council Holdings Ltd  
WDCHL ( a Council Controlled Organisation of Wanganui District Council ) and Vector Gas  
Investments Ltd ( a subsidiary of NGC Holdings Ltd). By virtue of its 74.9% shareholding  
WDCHL has significant influence on the role of Wanganui Gas Ltd.

The Company has supplied energy to the Wanganui District Council on a arm's length  
basis for which related party disclosures have not been made.

There are no other related party transactions.

**12. Prescribed Business Relationships**

Under Regulation 22 of the Gas (Information Disclosure) Regulations 1997 total costs and revenue  
must be disclosed for goods and services provided between entities in prescribed business  
relationships. 'Distribution' and 'Retail' fall within the Gas (Information Disclosure) Regulations 1997  
definition of a prescribed business relationship (Regulation 3).

	2006 \$	2005 \$
<u>Distribution Revenue from Retail</u>		
Gas Distribution Tariffs *	\$ 3,670,272	\$ 3,194,980
<u>Distribution Debtors from Retail</u>		
Wanganui Gas Ltd - Distribution *	\$ 422,097	\$ 362,367

\* Tariff represents revenue to Distribution for the transportation of gas through its distribution network.  
The value of transactions is calculated by applying current published Distribution tariffs to actual Retail  
throughput gas volumes and connection numbers. Transactions represent a book entry only. Debtor  
represents June revenue - assumed to be paid in the subsequent month.

**13. Commitments**

The Company has no commitments as at 30 June 2006 (2005: Nil)

**14. Contingent Liabilities**

There are no contingent liabilities which would have a material adverse effect on these accounts (2005 : Nil).

	Distribution		Retail	
	2006 \$	2005 \$	2006 \$	2005 \$
A bank guarantee required by Vector Ltd and Maui Developments Ltd refer note 10	\$ -	\$ -	\$ 388,203	\$ 335,000

**15. Dividend**

A final dividend of \$1,100,000 was declared at the Directors' meeting held on 30 August 2006.

**Statement of Performance Measures***For the Year ended 30 June 2006**For the purposes of the Gas (Information Disclosure) Regulations 1997  
Regulations 15, 17, & 18*

	Reference	Distribution				
		2006	2005	2004	2003	2002
<b>1. Financial Performance Measures</b>						
Accounting Return on Total Assets	Sch 1 Pt 2 1(a)	7.83%	8.89%	9.39%	10.19%	12.78%
Accounting Return on Equity	Sch 1 Pt 2 1(b)	5.18%	7.06%	7.66%	8.39%	10.87%
Accounting Rate of Profit Including Network Revaluation	Sch 1 Pt 2 1(c)	34.34% (1)	7.14%	6.92%	18.83%	8.61%
Accounting Rate of Profit Excluding Network Revaluation		6.63%	7.14%	6.92%	6.69%	8.61%
Note: The Accounting Rate of Profit Excluding Network Revaluation is not required by the Gas (Information Disclosure) Regulations 1997.						
<b>2. Efficiency Performance Measures</b>						
Direct Line Costs per Kilometre	Sch 1 Pt 2 2(a)	\$ 2,068	\$ 1,907	\$ 1,990	\$ 1,518	\$ 1,157
Indirect Line Costs per Gas Customer	Sch 1 Pt 2 2(b)	\$ 62	\$ 58	\$ 40	\$ 41	\$ 39
<b>3. Energy Delivery Efficiency Performance Measures</b>						
Load Factor	Sch 1 Pt 3 1(a)	75.77%	74.02%	70.80%	80.77%	76.99%
Unaccounted for Gas Ratio	Sch 1 Pt 3 1(b)	1.80%	1.80%	1.80%	1.81%	1.81%
<b>4. Statistics</b>						
System Length (km)	Sch 1 Pt 3 2(a)	362	360	357	354	349
Maximum Monthly Amount of Gas Entering System (GJ)	Sch 1 Pt 3 2(b)	113,872	125,474	131,678	114,280	117,079
Total Annual Amount of Gas Conveyed through System (GJ)	Sch 1 Pt 3 2(c)	1,035,434	1,114,509	1,118,772	1,107,666	1,081,694
Total Annual Amount of Gas Conveyed through System for Persons not in a Prescribed Business Relationship (GJ/pa)	Sch 1 Pt 3 2(d)	507,347	403,317	253,888	283,047	274,253
Total Number of Customers	Sch 1 Pt 3 2(e)	10,581	10,776	10,874	10,921	10,810
<b>5. Reliability Performance Measures</b>						
Unplanned Transmission System Interruptions (hours)	Sch 1 Pt 4 1	nil	nil	11,096	nil	nil
Unplanned Distribution System Interruptions not related to Transmission System Interruptions (hours/customer)	Sch 1 Pt 4 2(a)	0.0216	0.1743	0.1096	0.0557	0.0198
Unplanned Distribution System Interruptions related to Transmission System Interruptions (hours/customer)	Sch 1 Pt 4 2(b)	nil	nil	1.0084	nil	nil
Unplanned Distribution System Interruptions as a result of third party damage (hours/customer).		0.0157	0.1557	0.0092	0.0416	0.0144
Unplanned Distribution System Interruptions not as a result of third party damage (hours/customer).		0.0059	0.0186	0.1004	0.0141	0.0054

Note: The last two performance measures are not required by the Gas (Information Disclosure) Regulations 1997.

1. The increase in percentage is due to the revaluation carried out during the year.

## AUDIT NEW ZEALAND

**CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL  
STATEMENTS****REPORT OF THE AUDITOR-GENERAL**

We have examined the attached financial statements prepared by Wanganui Gas Limited and dated 30 June 2006 for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997.

We certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements have been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.



R. L. Tomlinson  
Audit New Zealand  
On behalf of the Auditor-General  
1 November 2006  
Auckland, New Zealand

## Certification of Performance Measures by Auditor

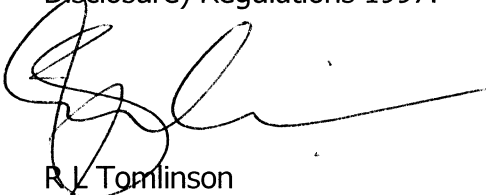
### Report of the Auditor-General

We have examined the attached information, being-

- a) Financial performance measures specified in clause 1 of Part 2 of Schedule 1 of the Gas (Information Disclosure) Regulations 1997; and
- b) Financial components of the efficiency performance measures specified in clause 2 of Part 2 of that Schedule, —

and having been prepared by Wanganui Gas Limited and dated 30 June 2006 for the purposes of regulations 15 and 16 of those regulations.

We certify that, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.



R. V. Tomlinson  
Audit New Zealand  
On behalf of the Auditor-General  
1 November 2006  
Auckland, New Zealand