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CENTRALINES LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986



CENTRALINES LIMITED

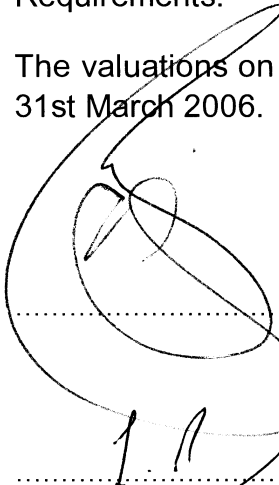
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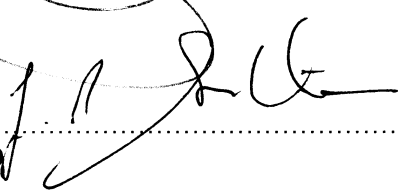
CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN TRANSPower)

We, J Loughlin and J Aitken, directors of Centralines Limited certify that, having made all reasonable enquiry, to the best of our knowledge: -

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

The valuations on which those financial performance measures are based are as at 31st March 2006.





J R Aitken

J J Loughlin

DATED

DATED

27th November 2006

CENTRALINES LIMITED - Lines Business

Statement of Significant Accounting Policies

For the year ended 31 March 2006

Basis of Preparation

Centralines Limited ("Centralines") is a public company registered under the Companies Act 1993. These financial statements have been prepared for the purposes of complying with the requirements of the Commerce Commission's Electricity Information Disclosure Requirements 2004. The financial statements comprise separate Statements of Financial Position, Financial Performance, Cash Flows and Movements in Equity for the Line Business as required by the Regulations. This businesses operate in and around the Central Hawke's Bay area. The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Company, with the exception that certain assets have been revalued.

Methodology and Separation of Businesses

Centralines has generally followed the guidelines in the Electricity Information Disclosure Handbook issued by the Commerce Commission.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets as identified in specific accounting policies below.

Operating Revenue

Sales revenue represents revenue earned for the sale of the company's products and services net of returns, trade allowances and taxes paid. Other revenue includes interest income on investments.

Income Tax

The income tax expense charged to the Statement of Financial Performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

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

Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be realised or any losses utilised.

Goods and Services Tax (GST)

The financial statements have been prepared with revenue and expense items exclusive of GST. In the Statement of Financial Position, accounts receivable and accounts payable are inclusive of GST. All other assets and liabilities are exclusive of GST.

Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

Inventories

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

Property, Plant and Equipment

Distribution Assets

Distribution assets are valued at fair value based on Optimised Depreciated Replacement Cost (ODRC) as independently determined by Craig Rice BCom, Bachelor of Laws and Lynne Taylor Bachelor of Social Science of PricewaterhouseCoopers and Eddie Graham B.E(Elec.) FIPENZ. These valuations were completed as at 31 March 2004.

Land and Buildings

Land and Buildings assets are valued at market value as independently determined by Peter A Brabyn, B Ag Comm, M Sc, (Ag Econ) ANZPI, MNZIPIM. These valuations were completed as at 31 March 2006.

Vehicles, Plant, Furniture and Fittings and Office Equipment

The value of vehicles, plant, office equipment, furniture and fittings are at cost less depreciation.

Revaluations

Any revaluation surplus arising on the revaluation of a class of property, plant or equipment is transferred directly to the asset revaluation reserve. A revaluation deficit in excess of the asset revaluation reserve balance for the class of property, plant or equipment is recognised in the Statement of Financial Performance in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the Statement of Financial Performance are recognised as revenue in the Statement of Financial Performance.

Disposal of Property, Plant and Equipment

When an item of property, plant or equipment is disposed of, any gain or loss is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the carrying value of the asset.

The carrying values of property, plant and equipment do not exceed their estimated recoverable value.

Depreciation

Depreciation of property, plant and equipment, other than freehold land, is calculated on a straight line basis so as to expense the cost of the assets, or the revalued amounts, to their residual values over their useful lives as follows:

Estimated useful lives

Buildings	50 - 100 years
Office and computer equipment	5 - 15 years
Distribution system	0 - 70 years
Motor vehicles	3 - 15 years
GIS	10 years
Plant, equipment and tools	5 - 10 years

Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and that the expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time.

Capitalisation

Capital expenditure is defined as all expenditure incurred in the creation of a new asset, replacement of an asset that has reached the end of its economic life, or increased service potential of an existing asset. Constructed assets are included in property, plant and equipment as each becomes operational and available for use.

Employee Entitlements

A liability for annual leave, long service leave and retirement gratuities is accrued and recognised in the Statement of Financial Position. Liabilities for annual and long service leave are calculated on an entitlement basis at current rates. Retirement gratuity liability is calculated using current rates and appropriate probabilities.

Investments

All investments are stated at cost price and then adjusted to account for amortisation of premiums or discounts to face value.

Financial Instruments

Financial instruments recognised in the Statement of Financial Position include cash and bank balances, investments, receivables and trade creditors. These financial assets and financial liabilities are generally carried at their estimated fair values and, where appropriate, particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

- (1) Operating activities include all transactions and other events that are not investing or financing activities.
- (2) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments include securities not falling within the definition of cash.
- (3) Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash.
- (4) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements. All other policies have been applied consistently with the previous period.

CENTRALINES LIMITED - Lines Business
Statement of Financial Performance

For the year ended 31 March 2006

	Notes	2006 \$000	2005 \$000
Operating Revenue	2	7,325	7,334
Surplus before discounts and tax	2	2,769	1,884
Discount		-	495
Operating Surplus before taxation	2	2,769	1,389
Taxation expense	1	939	493
Net Surplus after income tax		1,830	896

CENTRALINES LIMITED - Lines Business
Statement of Movements in Equity

For the year ended 31 March 2006

	Notes	2006 \$000	2005 \$000
Net Surplus for the year		1,830	896
Other recognised revenues and expenses			
Revaluation of land and buildings	11	(18)	62
Revaluation of network assets	11	-	(14)
Total recognised revenues and expenses for the period		1,812	944
Distribution to owners	12	(50)	(50)
Movements in equity for the year		1,762	894
Equity at start of the year		34,897	34,003
Equity at end of the year		36,659	34,897

The accompanying notes and significant accounting policies form part of these financial statements.

CENTRALINES LIMITED - Lines Business
Statement of Financial Position

As at 31 March 2006

	Notes	2006 \$000	2005 \$000
EQUITY			
Share capital		8,000	8,000
Asset revaluation reserve	11	23,777	23,795
Retained earnings	12	4,882	3,102
		36,659	34,897
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment	4	32,873	32,514
		32,873	32,514
CURRENT ASSETS			
Cash		1,443	692
Short term investments	3	2,452	1,116
Receivables	5	769	642
Inventories		187	383
Taxation refund		-	613
		4,851	3,446
TOTAL ASSETS		37,724	35,960
CURRENT LIABILITIES			
Accounts payable and accruals	15	500	1,050
Taxation payable		544	-
Employee entitlements	13	21	13
		1,065	1,063
TOTAL LIABILITIES		1,065	1,063
NET ASSETS EMPLOYED		36,659	34,897

The accompanying notes and significant accounting policies form part of these financial statements.

CENTRALINES LIMITED - Lines Business
Statement of Cash Flows

For the year ended 31 March 2006

	Notes	2006 \$000	2005 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		6,616	6,863
Contributions for capital works		460	326
Tax Refunds		334	-
Interest received		128	89
		<u>7,538</u>	<u>7,278</u>
Cash was disbursed to:			
Payments to suppliers and employees		3,462	4,482
Interest paid and finance charges on leased assets		-	-
Income taxes paid		-	556
		<u>3,462</u>	<u>5,038</u>
Net cash flows from operating activities	8	<u>4,076</u>	<u>2,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from disposal of investments		215	264
Proceeds from disposal of property, plant and equipment		-	-
		<u>215</u>	<u>264</u>
Cash was applied to:			
Purchase of investments		1,368	1,116
Purchase and construction of property, plant and equipment		2,122	1,662
		<u>3,490</u>	<u>2,778</u>
Net cash flows from investing activities		<u>(3,275)</u>	<u>(2,514)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Payment of dividends		50	50
		<u>(50)</u>	<u>(50)</u>
Net cash flow from financing activities		<u>(50)</u>	<u>(50)</u>
Net (decrease) increase in cash held		751	(324)
Cash balances at beginning of year		692	1,016
Cash balances at end of year		<u><u>1,443</u></u>	<u><u>692</u></u>

The accompanying notes and significant accounting policies form part of these financial statements.

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 1: Income Tax	2006	2005
	\$000	\$000
<u>Taxation</u>		
Operating surplus before taxation	2,769	1,389
Prima facie tax @ 33%	914	458
Permanent differences	343	378
Timing differences not recognised	(309)	(328)
Prior period adjustments	(9)	(15)
Taxation expense/(benefit)	939	493
<u>Taxation expense/(benefit) is represented by:</u>		
Current tax	939	493
	939	493

The Company has not recognised a deferred tax liability of \$3.8 million (2005 \$3.4 million)

<u>Imputation credit account</u>		
Opening balance	2,208	1,677
Taxation paid	397	556
Taxation refund received	(731)	-
Imputation credits attached to dividends paid	(25)	(25)
Closing balance	1,849	2,208

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 2: Surplus before Taxation	2006	2005
	\$000	\$000
<u>Operating Revenue</u>		
Network	6,623	6,656
AC Loss Rebate	109	256
Customer contributions	460	326
Interest revenue	128	89
Other Income	5	7
	<hr/>	<hr/>
	7,325	7,334
<u>Depreciation</u>		
Electrical distribution system	1,501	1,473
Motor vehicles	6	6
GIS	55	55
	<hr/>	<hr/>
	1,562	1,534
<u>Operating Expenses</u>		
Audit New Zealand - audit services	45	42
Audit New Zealand - disclosure accounts	7	6
Fees paid to other auditors	8	20
Remuneration paid to directors	85	85
All other operating expenses	2,849	3,763
	<hr/>	<hr/>
	2,994	3,916
Surplus before discounts and tax	<hr/>	<hr/>
	2,769	1,884
Discount	-	495
Surplus before taxation	<hr/>	<hr/>
	2,769	1,389

Note 3: Investments	2006	2005
	\$000	\$000
<u>Current</u>		
Short term deposits held with registered banks	1,900	900
Current Investments of other listed securities	552	216
	<hr/>	<hr/>
	2,452	1,116

Market fluctuations in interest rates affect the earnings on these investments but Company policy of placing deposits with high credit quality financial institutions minimises the credit exposure

Fair and market value information

Listed securities	549	422
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The market value is based on prices quoted on the stock exchanges at balance date

Fixed interest securities - interest rates

The range of interest rates on investments were:

Short term bank investments	7.15% - 7.42%	6.6% - 6.8%
Listed securities:	7.17% - 7.40%	8.0% - 8.0%

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 4: Property, Plant and Equipment	2006	2005
	\$000	\$000
<u>Electrical distribution network</u>		
at valuation	31,588	31,588
additions at cost	2,787	1,666
Work in progress	951	163
accumulated depreciation	(2,974)	(1,473)
	<u>32,352</u>	<u>31,944</u>
<u>Freehold Land</u>		
at valuation	<u>92</u>	<u>80</u>
<u>Motor vehicles</u>		
at cost	31	31
accumulated depreciation	(18)	(12)
	<u>13</u>	<u>19</u>
<u>GIS</u>		
at cost	551	551
accumulated depreciation	(135)	(80)
	<u>416</u>	<u>471</u>
Total net carrying value	<u><u>32,873</u></u>	<u><u>32,514</u></u>
This is represented by:		
Property, plant and equipment at valuation	31,680	31,668
Property, plant and equipment at cost	3,369	2,248
Work in progress	951	163
Accumulated depreciation	(3,127)	(1,565)
	<u><u>32,873</u></u>	<u><u>32,514</u></u>
Note 5: Receivables and prepayments	2006	2005
	\$000	\$000
Trade debtors	718	619
Sundry Receivables and Accruals	46	15
Prepayments	5	8
	<u>769</u>	<u>642</u>

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 6: Related Party Information

CHB Consumers Power Trust owns all of the issued capital of Centralines Limited.

Directors' transactions with the company were made under normal terms and conditions of supply and sale. No discounts were given during the year.

	2006	2005
H Donald	-	817

As at 31 March 2006, the total amount outstanding was nil (2005 nil)

Contestable contracting services in asset construction and maintenance were provided by Centralines contracting division at cost, including overheads, and as detailed, respectively, here and in Note 18.12b below. Unit price and quantities have not been determined.

Sub transmission assets	21	9
Zone substations	67	32
Distribution lines and cables	745	997
Medium voltage switchgear	161	19
Distribution transformers & substations	265	120
Low voltage lines and cables	513	212
Other system fixed assets	-	-

Note 7: Capital Commitments

As at 31 March 2006 Centralines had capital commitments of \$355,360 (2005 Nil)

Note 8: Reconciliation of Cashflow with Operating Surplus

	2006	2005
	\$000	\$000
Reported surplus after taxation	1,830	896
<u>Add Non Cash Items</u>		
Depreciation	1,562	1,534
	<hr/> 1,562	<hr/> 1,534
<u>Changes in Working Capital</u>		
(Increase) decrease in receivables and prepayments	(127)	(57)
Decrease (increase) in inventories	196	78
Increase (decrease) in accounts payable, accruals	(550)	412
(Decrease) increase in employee entitlements	8	(5)
(Decrease) Increase provision for taxation	1,157	(618)
	<hr/> 684	<hr/> (190)
Net cash flow from operating activities	<hr/> 4,076	<hr/> 2,240

Note 9: Contingent Liabilities

As at 31 March 2006 the company had no contingent liabilities (2005 nil).

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 10: Financial Instruments

Centralines has no off balance sheet financing (other than those disclosed in these notes), nor any foreign exchange exposure.

The fair value of financial instruments is the carrying amount disclosed in the Statement of Financial Position.

Centralines has an approved overdraft facility with the ANZ Bank for \$100,000 at an interest rate of 14%.

The interest rates on the company's deposits are presented in note 3.

Interest Rate Risk

Interest Rate risk is the risk that the value of the assets and liabilities will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk primarily through cash balances, investments and finance leases.

Credit risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable. No collateral is held on these amounts. 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.

Concentration of credit risk

The Company has exposure to one electricity retailer that may account for up to 52% of accounts receivable. To minimise this risk, the company has contractual requirements contained within the use of system agreements operating with this party. A bond may be required where deemed necessary. At balance date no such bonds were held.

Note 11: Reserves	2006	2005
	\$000	\$000

Asset revaluation reserve

Balance at beginning of year	23,795	23,747
Revaluation of electrical distribution network	-	(14)
Revaluation of Land/Buildings	(18)	62
Balance at end of year	<u>23,777</u>	<u>23,795</u>

Detailed as:

Land/Buildings	44	62
General	420	420
Revaluation of electrical distribution network	23,313	23,313
	<u>23,777</u>	<u>23,795</u>

Note 12: Retained Earnings	2006	2005
	\$000	\$000

Balance at beginning of year	3,102	2,256
Net surplus	1,830	896
Dividends paid	(50)	(50)
Balance at end of year	<u>4,882</u>	<u>3,102</u>

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 13: Employee Entitlements

Employee entitlements expected to be taken within the 12 months following balance date are recorded as current liabilities. All other employee entitlements are recorded as term liabilities

Note 14: Events Subsequent to Balance Date

There have been no significant reporting events subsequent to balance date.

Note 15: Accounts payable and accruals	2006	2005
	\$000	\$000
Trade creditors	379	885
Sundry creditors and accruals	121	165
	500	1,050

Note 16: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements:

	2006	2005
	\$000	\$000
1 Current Assets		
(a) Cash and bank balances	1,443	692
(b) Short-term investments	2,452	1,116
(c) Inventories	187	383
(d) Accounts receivable	769	642
(e) Other current assets not listed in (a) to (d)	-	613
(f) Total current assets	4,851	3,446
2 Fixed Assets		
(a) System fixed assets	31,401	31,781
(b) Consumer billing and information system assets	416	471
(c) Motor vehicles	13	19
(d) Office equipment	-	-
(e) Land and buildings	92	80
(f) Capital works under construction	951	163
(g) Other fixed assets not listed in (a) to (f)	-	-
(h) Total fixed assets	32,873	32,514
3 Other tangible assets not listed above	-	-
4 Total tangible assets	37,724	35,960
5 Intangibles		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
(c) Total Intangibles	-	-
6 Total assets	37,724	35,960

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 16: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements: (cont)

	2006 \$000	2005 \$000
7 <u>Current liabilities</u>		
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and Accruals	500	1,050
(d) Provision for dividends payable	-	-
(e) Provision for income tax	544	-
(f) Other current liabilities not listed in (a) to (e) above	21	13
(g) Total current liabilities	<u>1,065</u>	<u>1,063</u>
8 <u>Non-current liabilities</u>		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a) to (c) above	-	-
(e) Total non-current liabilities	<u>-</u>	<u>-</u>
9 <u>Equity</u>		
(a) Shareholders' equity		
(i) Share capital	8,000	8,000
(ii) Retained earnings	4,882	3,102
(iii) Reserves	23,777	23,795
(iv) Total shareholders' equity	<u>36,659</u>	<u>34,897</u>
(b) Minority interests in subsidiaries	-	-
(c) Total equity	<u>36,659</u>	<u>34,897</u>
(d) Capital notes	-	-
(e) Total capital funds	<u>36,659</u>	<u>34,897</u>
10 Total equity and liabilities	37,724	35,960
11 <u>Operating revenue</u>		
(a) Revenue from line/access charges	6,623	6,663
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short term investments:	128	89
(d) AC loss-rental rebates	109	256
(e) Other revenue not listed in (a) to (d)	465	326
(f) Total operating revenue	<u>7,325</u>	<u>7,334</u>

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 16: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements: (cont)

	2006	2005
	\$000	\$000
12 <u>Operating expenditure</u>		
(a) Payment for transmission charges	1,448	2,354
(b) Transfer payments to the "Other" business for:		
(i) Asset maintenance	678	670
(ii) Consumer disconnection/reconnection services		
(iii) Meter data		
(iv) Consumer-based load control services		
(v) Royalty and patent expenses		
(vi) Avoided transmission charges on account of own generation		
(vii) Other goods and services not listed in (i) to (vi) above	69	43
(viii) Total transfer payment to the "Other" business	<u>747</u>	<u>713</u>
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance		
(ii) Consumer disconnection/reconnection services		
(iii) Meter data		
(iv) Consumer-based load control services		
(v) Royalty and patent expenses		
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	<u>-</u>	<u>-</u>
(d) Employee salaries, wages and redundancies	156	152
(e) Consumer billing and information system expense		
(f) Depreciation on:		
(i) System fixed assets	1,501	1,473
(ii) Other assets not listed in (i)	61	61
(iii) Total depreciation	<u>1,562</u>	<u>1,534</u>
(g) Amortisation of:		
(i) Goodwill		
(ii) Other intangibles		
(iii) Total amortisation of intangibles	<u>-</u>	<u>-</u>
(h) Corporate and administration	268	218
(i) Human resource expenses	1	1
(j) Marketing/advertising	34	25
(k) Merger and acquisition expenses		
(l) Takeover defense expenses		
(m) Research and development expenses		
(n) Consultancy and legal expenses	15	33
(o) Donations		
(p) Directors' fees	85	85
(q) Auditors' fees		
(i) Audit fees paid to principal auditors	45	42
(ii) Audit fees paid to other auditors	8	20
(iii) Fees paid for other services provided by principal and other auditors	7	6
(iv) Total auditors' fees	<u>60</u>	<u>68</u>
(r) Costs of offering credit		
(i) Bad debts written off		
(ii) Increase in estimated doubtful debts		
(iii) Total cost of offering credit		
(s) Local authority rates expense		
(t) AC loss-rentals (distribution to retailers/customers) expense		
(u) Rebates to consumers due to ownership interest	-	495
(v) Subvention payments		
(w) Unusual expenses		
(x) Other expenditure not listed in (a) to (w)	<u>180</u>	<u>267</u>
13 <u>Total operating expenditure</u>	<u>4,556</u>	<u>5,945</u>

CENTRALINES LIMITED - Lines Business
Notes to the Financial Statements

For the year ended 31 March 2006

Note 16. Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements (cont)

	2006 \$000	2005 \$000
14 <u>Operating surplus before interest and income tax</u>	<u>2,769</u>	<u>1,389</u>
15 <u>Interest expense</u>		
(a) Interest expense on borrowings		
(b) Financing charges related to finance leases		
(c) Other interest expense not listed in (a) or (b)		
(d) Total interest expense	<u>-</u>	<u>-</u>
16 <u>Operating surplus before income tax</u>	<u>2,769</u>	<u>1,389</u>
17 <u>Income tax</u>	939	493
18 <u>Net surplus after tax</u>	<u><u>1,830</u></u>	<u><u>896</u></u>

CENTRALINES LIMITED - Lines Business
Electricity Information Disclosure Requirements 2004 - Requirement 14
Financial Performance and Efficiency Measures

Financial Measures	2006	2005	2004	2003	2002
Return On Funds	8.18	3.99%	5.47%	7.09%	-1.40%
Return On Equity	5.12	2.59%	5.76%	4.80%	-0.66%
Return on Investment *	5.40	2.57%	28.52%	4.55%	-2.34%
Efficiency Measures	2006	2005	2004	2003	2002
Direct Line Cost Per Kilometre	\$ 568	\$ 559	\$ 517	\$ 530	\$ 574
Indirect Line Cost Per Customer	\$ 78	\$ 85	\$ 114	\$ 103	\$ 97

CENTRALINES LIMITED - LINES BUSINESS
Electricity Information Disclosure Requirements 2004 - Requirement 20 Energy Efficiency
Performance Measures and Statistics

Energy delivery efficiency performance measures	2006	2005	2004	2003
Load factor	65.00%	68.00%	67.00%	72.00%
Loss ratio	7.35%	7.33%	7.30%	7.35%
Capacity utilisation	24.80%	24.30%	26.40%	26.00%
Energy delivery efficiency performance statistics	2006	2005	2004	2003
System Length				
33kV	93.10	93.10	92.00	93.00
11kV	1,389.00	1,381.30	1,381.00	1,410.00
400V	187.00	175.50	165.00	46.00
	<u>1,669.10</u>	<u>1,649.90</u>	<u>1,638.00</u>	<u>1,549.00</u>
Circuit Length - Overhead				
33kV	92.40	92.40	91.50	92.40
11kV	1,369.00	1,366.30	1,370.00	1,407.00
400V	155.00	156.50	156.00	33.00
	<u>1,616.40</u>	<u>1,615.20</u>	<u>1,617.50</u>	<u>1,532.40</u>
Circuit Length - Underground				
33kV	0.70	0.70	0.50	0.50
11kV	20.00	15.00	11.00	3.30
400V	32.00	19.00	9.00	12.50
	<u>52.70</u>	<u>34.70</u>	<u>20.50</u>	<u>16.30</u>
Transformer capacity	80,100	78,427	72,117	71,077
Maximum demand	19,836	19,024	19,016	18,716
Total Electricity entering the system (before losses)	113,491,636	113,792,436	111,970,890	117,713,011
Total Electricity supplied (after losses)				
Retailer 1	55,957,838	65,305,197	69,543,110	75,525,743
Retailer 2	12,912,203	8,279,653	13,155,263	24,617,535
Retailer 3	620,333	513,664	553,330	592,803
Retailer 4	35,680,861	30,891,960	21,083,280	8,224,200
Retailer 5	1,296,313	1,028,221	-	96,155
Retailer 6	-	-	-	-
	<u>106,467,548</u>	<u>106,018,695</u>	<u>104,334,983</u>	<u>109,056,436</u>
Total consumers	7,692	7,532	7,457	7,442

CENTRALINES LIMITED - LINES BUSINESS
Electricity Information Disclosure Requirements 2004 - Requirement 21
Reliability Performance Measures

Interruptions (#)	2006	2005	2004	2003
Planned	62	28	36	100
Unplanned	126	168	230	230
	<u>188</u>	<u>196</u>	<u>266</u>	<u>330</u>
Interruptions Targets (#)	2007			
Planned	50			
Unplanned	135			
	<u>185</u>			
Average Interruptions Targets (#)	2007 - 2011			
Planned	50			
Unplanned	110			
	<u>160</u>			
Proportion of the total number of Unplanned interruptions not restored within:	2006	2005	2004	2003
3 hours	5.60%	11.90%	21.70%	10.60%
24 hours	0.00%	0.00%	0.00%	0.00%
Faults per 100 Km's	2006	2005	2004	2003
33kV	8.66	3.23	6.56	7.53
11kV	9.05	12.30	16.35	15.80
	<u>17.71</u>	<u>15.53</u>	<u>22.91</u>	<u>23.33</u>
Faults Targets (#)	2007			
33kV	4			
11kV	10			
	<u>14</u>			
Average Total Faults Targets (#)	2007 - 2011			
33kV	2			
11kV	8			
	<u>10</u>			
Faults per 100 Km's - Underground	2006	2005	2004	2003
33kV	-	-	-	-
11kV	-	1	-	-
	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Faults per 100 Km's - Overhead	2006	2005	2004	2003
33kV	8.66	3.23	6.56	7.58
11kV	9.05	12.30	16.35	15.85
	<u>17.71</u>	<u>15.53</u>	<u>22.91</u>	<u>23.43</u>
SAIDI	2006	2005	2004	2003
Planned	41.20	15.60	7.00	67.00
Unplanned	99.50	155.79	375.00	187.00
Class A	-	-	-	-
Class D	12.50	-	6.00	6.00

	<u>153.20</u>	<u>171.39</u>	<u>388.00</u>	<u>260.00</u>
SAIDI Targets	2007			
Planned	50			
Unplanned	<u>135</u>			
	185			
Average SAIDI	2007 - 2011			
Planned	50			
Unplanned	<u>115</u>			
	165			
SAIFI	2006	2005	2004	2003
Planned	0.14	0.07	0.03	0.49
Unplanned	4.75	4.36	7.13	6.42
Class A	-	-	-	-
Class D	<u>0.69</u>	<u>-</u>	<u>0.28</u>	<u>0.31</u>
	5.58	4.43	7.44	7.22
SAIFI Targets	2007			
Planned	0.55			
Unplanned	3.35			
Average SAIFI	2007 - 2011			
Planned	0.50			
Unplanned	2.90			
CAIDI	2006	2005	2004	2003
Planned	291.00	232.22	214.00	137.00
Unplanned	21.00	35.72	53.00	29.00
Class A	-	-	-	-
Class D	<u>18.10</u>	<u>-</u>	<u>21.00</u>	<u>19.40</u>
	29.00	38.70	36.00	36.00
CAIDI Targets	2007			
Planned	91			
Unplanned	40			
Average CAIDI	2007 - 2011			
Planned	100			
Unplanned	40			

CENTRALINES LIMITED - Lines Business
Electricity Information Disclosure Requirements 2004 - Requirement 15 Form for the Derivation of Financial Performance Measures from Financial Statements

	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	2,769							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	2,769							
Interest on cash, bank balances, and short-term investments (ISTI)	128							
OSBIIT minus ISTI	2,641	a	2,641					2,641
Net surplus after tax from financial statements	1,830							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,830	n			1,830			
Amortisation of goodwill and amortisation of other intangibles	-	g	add			add		
Subvention payment	-	s	add			add		
Depreciation of SFA at BV (x)	1,501							
Depreciation of SFA at ODV (y)	1,501							
ODV depreciation adjustment	0	d	add			add		
Subvention payment tax adjustment	-	s ^t				deduct		
Interest tax shield	(42)	q				deduct		
Revaluations	-	r				add		
Income tax	939	p				deduct		
Numerator			OSBITADJ = a + g + s + d	2,641	ATADJ = n + g + s - s ^t + d	1,830	DJ = a + g - q + r + s + d - p - s ^t	1,744
Fixed assets at end of previous financial year (FA ₀)	32,351							
Fixed assets at end of current financial year (FA ₁)	31,922							
Adjusted net working capital at end of previous financial year (ANWC ₀)	(37)							
Adjusted net working capital at end of current financial year (ANWC ₁)	435							
Average total funds employed (ATFE)	32,335	c	32,335					32,335
Total equity at end of previous financial year (TE ₀)	34,897							
Total equity at end of current financial year (TE ₁)	36,659							
Average total equity	35,778	k				35,778		

WUC at end of previous financial year (WUC_0)	163					
WUC at end of current financial year (WUC_1)	951					
Average total works under construction	557	e	deduct	557	deduct	557
Revaluations	-	r				
Half of revaluations	-	r/2				
Intangible assets at end of previous financial year (IA_0)	-					
Intangible assets at end of current financial year (IA_1)	-					
Average total intangible asset	-	m	add			
Subvention payment at end of previous financial year (S_0)	-					
Subvention payment at end of current financial year (S_1)	-					
Subvention payment tax adjustment at end of previous financial year	-					
Subvention payment tax adjustment at end of current financial year	-					
Average subvention payment & related tax adjustment	-	v	add			
System fixed assets at end of previous financial year at book value ($SFA_{bv,0}$)	31,781					
System fixed assets at end of current financial year at book value ($SFA_{bv,1}$)	31,401					
Average value of system fixed assets at book value	31,591	f	deduct	31,591	deduct	31,591
System Fixed assets at year beginning at ODV value ($SFA_{odv,0}$)	32,283					
System Fixed assets at end of current financial year at Average value of system fixed assets at ODV value	31,888					
Average value of system fixed assets at ODV value	32,086	h	add	32,086	add	32,086
Denominator						
				$ATFE^{ADJ} = c - e - f + h$		$ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:						
				$ROF = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$		$ROI = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$
				8.18		5.12
				$DE = NSAT^{ADJ}/ATE^{ADJ} \times 100$		
				35,716		
				$TE^{ADJ} = k - e - m + v - f + h$		
				32,273		
				$ATFE^{ADJ} = c - e - f + h$		

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



CENTRALINES LIMITED - Lines Business
Electricity Information Disclosure Requirements 2004 - Requirement 16
Annual Valuation Reconciliation Report

	2006 \$000	2005 \$000
System fixed assets at ODV at end of previous financial year	32,283	31,741
ADD system fixed assets acquired during the year at ODV	1,122	2,024
LESS system fixed assets disposed of during the year at ODV	16	9
LESS depreciation on system fixed assets at ODV	1,501	1,473
ADD revaluation of system fixed assets		-
System fixed assets at ODV at end of the financial year	<u>31,888</u>	<u>32,283</u>

AUDIT NEW ZEALAND**REPORT OF THE AUDITOR-GENERAL****TO THE READERS OF THE FINANCIAL STATEMENTS OF CENTRALINES LIMITED
FOR THE YEAR ENDED 31 MARCH 2006**

We have audited the financial statements of Centralines Limited on pages 1 to 16. The financial statements provide information about the past financial performance of Centralines Limited and its financial position as at 31 March 2006. 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 Centralines Limited as at 31 March 2006, 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 Laurie Desborough 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 Centralines Limited's 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.

In addition to issuing audit certificates pursuant to the Electricity Information Disclosure Requirements 2004 we have carried out another audit assignment for Centralines Limited. This involved issuing an audit opinion on the annual financial statements for the year ended 31 March 2006. This assignment is compatible with those independence requirements. Other than this assignment we have no relationship with or interest in Centralines Limited.

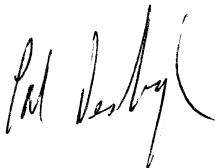
Unqualified opinion

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

In our opinion:

- proper accounting records have been maintained by Centralines Limited as far as appears from our examination of those records; and
- the financial statements of Centralines 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 Centralines Limited's financial position as at 31 March 2006 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 November 2006 and our unqualified opinion is expressed as at that date.



Laurie Desborough
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

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

We have examined the information on pages 17 and 21 to 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 Centralines Limited and dated 27 November 2006 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.



Laurie Desborough
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
27 November 2006