



# New Zealand Gazette

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## CENTRALINES LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO  
SECTION 57T OF THE COMMERCE ACT 1986

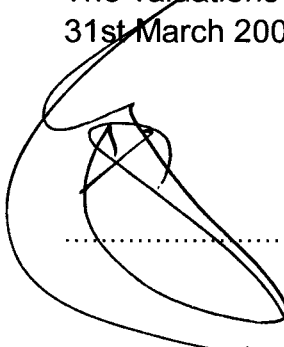



## **CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN TRANSPower)**

We, J Loughlin and H Donald, 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 2005.

  
.....  
18/8/05  
DATED

  
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18/8/05  
DATED

**CENTRALINES LIMITED - Lines Business**  
**Statement of Significant Accounting Policies**  
For the year ended 31 March 2005

**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 2005.

#### 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

#### 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 has been a change in accounting policy for the value of land and buildings from historical cost to modified historical cost. There have been no other 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 2005

	Notes	2005 \$000	2004 \$000
<b>Operating Revenue</b>	4	<b>7,334</b>	<b>7,181</b>
<b>Surplus before discounts and tax</b>	4	<b>1,884</b>	<b>2,164</b>
Discount		495	484
<b>Operating Surplus before taxation</b>	4	<b>1,389</b>	<b>1,680</b>
Taxation expense/(benefit)	3	493	5
<b>Net Surplus after income tax</b>		<b>896</b>	<b>1,675</b>

**CENTRALINES LIMITED - Lines Business**  
**Statement of Movements in Equity**

For the year ended 31 March 2005

	Notes	2005 \$000	2004 \$000
Net Surplus for the year		896	1,675
Other recognised revenues and expenses			
Revaluation of land and buildings	13	62	-
Revaluation of network assets	13	(14)	5,678
Total recognised revenues and expenses for the period		944	7,353
Distribution to owners	14	(50)	(160)
Adjustment to Equity			(1,973)
Movements in equity for the year		894	5,220
Equity at start of the year		34,003	28,783
<b>Equity at end of the year</b>		<b>34,897</b>	<b>34,003</b>

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 2005

	Notes	2005 \$000	2004 \$000
<b>EQUITY</b>			
Share capital		8,000	8,000
Asset revaluation reserve	13	23,795	23,746
Retained earnings	14	3,102	2,256
		<b>34,897</b>	<b>34,002</b>
<b>Represented by:</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	32,514	32,337
		<b>32,514</b>	<b>32,337</b>
<b>CURRENT ASSETS</b>			
Cash		692	1,016
Short term investments	5	1,116	264
Receivables	7	642	585
Tax benefit		613	-
Inventories		383	461
		<b>3,446</b>	<b>2,326</b>
<b>TOTAL ASSETS</b>		<b>35,960</b>	<b>34,663</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accruals	17	1,050	637
Tax Payable		-	5
Employee entitlements	15	13	18
		<b>1,063</b>	<b>660</b>
<b>TOTAL LIABILITIES</b>		<b>1,063</b>	<b>660</b>
<b>NET ASSETS EMPLOYED</b>		<b>34,897</b>	<b>34,003</b>



**CENTRALINES LIMITED - Lines Business**  
**Statement of Cash Flows**

For the year ended 31 March 2005

	Notes	2005 \$000	2004 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from customers		6,863	7,249
Contributions for capital works		326	246
Interest received		89	182
		<u>7,278</u>	<u>7,677</u>
Cash was disbursed to:			
Payments to suppliers and employees		4,482	4,327
Interest paid and finance charges on leased assets		-	5
Income taxes paid		556	586
		<u>5,038</u>	<u>4,918</u>
Net cash flows from operating activities	10	<u>2,240</u>	<u>2,759</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from disposal of investments		264	-
Proceeds from disposal of property, plant and equipment		-	-
		<u>264</u>	<u>-</u>
Cash was applied to:			
Purchase of investments		1,116	(35)
Purchase and construction of property, plant and equipment		1,662	1,585
		<u>2,778</u>	<u>1,550</u>
Net cash flows from investing activities		<u>(2,514)</u>	<u>(1,550)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash was applied to:			
Payment of dividends		50	160
Repayment of Loans		-	20
		<u>(50)</u>	<u>(180)</u>
Net cash flow from financing activities		<u>(50)</u>	<u>(180)</u>
Net increase (decrease) in cash held		(324)	1,029
Less Investments transferred to other business			(1,037)
Cash balances at beginning of year		1,016	1,024
<b>Cash balances at end of year</b>		<u><b>692</b></u>	<u><b>1,016</b></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 2005

Note 3: Income Tax	2005	2004
	\$000	\$000
<u>Taxation</u>		
Operating surplus before taxation	1,389	1,680
Prima facie tax @ 33%	458	554
Permanent differences	378	172
Timing differences not recognised	(328)	(479)
Prior period adjustments	(15)	(242)
<b>Taxation expense/(benefit)</b>	<b>493</b>	<b>5</b>
<u>Taxation expense/(benefit) is represented by:</u>		
Current tax	493	5
	<b>493</b>	<b>5</b>

The Company has not recognised a deferred tax liability of \$3.4 million (2004 \$2.5 million)

<u>Imputation credit account</u>		
Opening balance	1,677	699
Prior period adjustment	-	-
Taxation paid	556	1,056
Taxation refund received	-	-
Imputation credits attached to dividends paid	(25)	(78)
Closing balance	<b>2,208</b>	<b>1,677</b>

**CENTRALINES LIMITED - Lines Business****Notes to the Financial Statements**

For the year ended 31 March 2005

Note 4: Surplus before Taxation	2005	2004
	\$000	\$000
<u>Operating Revenue</u>		
Network	6,663	6,399
AC loss-rental rebates	256	82
Customer contributions	326	246
Interest revenue	89	182
Newly Identified Assets	-	272
	<u>7,334</u>	<u>7,181</u>
<u>Depreciation</u>		
Electrical distribution system	1,473	1,038
Motor vehicles	6	6
GIS	55	25
	<u>1,534</u>	<u>1,069</u>
<u>Operating Expenses</u>		
Audit New Zealand - audit services	42	36
Audit New Zealand - disclosure accounts	6	7
Fees paid to other auditors	20	22
Remuneration paid to directors	85	85
Interest paid	-	5
All other operating expenses	3,763	3,793
	<u>3,916</u>	<u>3,948</u>
<b>Surplus before discounts and tax</b>	<b><u>1,884</u></b>	<b><u>2,164</u></b>
Discount	495	484
<b>Surplus before taxation</b>	<b><u>1,389</u></b>	<b><u>1,680</u></b>

Note 5: Investments	2005	2004
	\$000	\$000
<u>Current</u>		
Short term deposits held with registered banks	900	-
Current Investments of other listed securities	216	264
	<u>1,116</u>	<u>264</u>

*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*

Non-Current

Listed securities	-	-
	<u>-</u>	<u>-</u>

Fair and market value information

Listed securities	<u>422</u>	<u>218</u>
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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	6.6% - 6.8%	5.0% - 5.8%
Listed securities:	8.0% - 8.0%	

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2005

Note 6: Property, Plant and Equipment	2005	2004
	\$000	\$000
<u>Electrical distribution network</u>		
at valuation	31,588	31,588
additions at cost	1,666	-
Work in progress	163	187
accumulated depreciation	(1,473)	-
	<hr/> 31,944	<hr/> 31,775
<u>Freehold Land</u>		
at valuation	80	-
at cost	-	18
	<hr/> 80	<hr/> 18
<u>Motor vehicles</u>		
at cost	31	31
accumulated depreciation	(12)	(6)
	<hr/> 19	<hr/> 25
<u>GIS</u>		
at cost	551	544
accumulated depreciation	(80)	(25)
	<hr/> 471	<hr/> 519
<b>Total net carrying value</b>	<hr/> <b>32,514</b>	<hr/> <b>32,337</b>

This is represented by:

Property, plant and equipment at valuation	31,668	31,588
Property, plant and equipment at cost	2,248	593
Work in progress	163	187
Accumulated depreciation	(1,565)	(31)
	<hr/> <b>32,514</b>	<hr/> <b>32,337</b>

Note 7: Receivables and prepayments	2005	2004
	\$000	\$000
Trade debtors	619	535
Sundry Receivables and Accruals	15	36
Prepayments	8	14
	<hr/> <b>642</b>	<hr/> <b>585</b>

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2005

**Note 8: 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.

	2005	2004
J Aitken	-	294
M Luoni	-	-
J Loughlin	-	-
H Donald	817	-

As at 31 March 2005, the total amount outstanding was nil (2004 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	9	22
Zone substations	32	35
Distribution lines and cables	997	954
Medium voltage switchgear	19	19
Distribution transformers	93	85
Distribution substations	27	26
Low voltage lines and cables	212	153
Other system fixed assets	-	-

**Note 9: Capital Commitments**

As at 31 March 2005 Centralines had no capital commitments (2004 nil).

<b>Note 10: Reconciliation of Cashflow with Operating Surplus</b>	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
<b>Reported surplus after taxation</b>	<b>896</b>	<b>1,675</b>
<u>Add Non Cash Items</u>		
Newly Identified Assets	-	(272)
Depreciation	1,534	1,069
	<u>1,534</u>	<u>797</u>
<u>Changes in Working Capital</u>		
(Increase) decrease in receivables and prepayments	(57)	873
Decrease (increase) in inventories	78	(85)
Increase (decrease) in accounts payable, accruals	412	223
(Decrease) increase in employee entitlements	(5)	(3)
(Decrease) Increase provision for taxation	(618)	(721)
	<u>(190)</u>	<u>287</u>
<b>Net cash flow from operating activities</b>	<b><u>2,240</u></b>	<b><u>2,759</u></b>

**Note 11: Contingent Liabilities**

As at 31 March 2005 the company had no contingent liabilities (2004 nil).

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2005

**Note 12: 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 12.70%.

The interest rates on the company's deposits are presented in note 5.

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 54% 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 bond was held.

**Note 13: Reserves**

	2005	2004
	\$000	\$000
<u>Asset revaluation reserve</u>		
Balance at beginning of year	23,747	18,069
Revaluation of electrical distribution network	(14)	5,678
Revaluation of Land/Buildings	62	-
Balance at end of year	<u>23,795</u>	<u>23,747</u>
<u>Detailed as:</u>		
Land/Buildings	62	-
General	420	420
Revaluation of electrical distribution network	23,313	23,327
	<u>23,795</u>	<u>23,747</u>

**Note 14: Retained Earnings**

	2005	2004
	\$000	\$000
Balance at beginning of year	2,256	2,714
Adjustment to Equity	-	(1,973)
Net surplus	896	1,675
Dividends paid	(50)	(160)
Balance at end of year	<u>3,102</u>	<u>2,256</u>

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2005

**Note 15: 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 16: Events Subsequent to Balance Date**

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

Note 17: Accounts payable and accruals	2005	2004
	\$000	\$000
Trade creditors	885	495
Sundry creditors and accruals	165	142
	<u>1,050</u>	<u>637</u>

**Note 18: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements:**

	2005	2004
	\$000	\$000
<b>1 Current Assets</b>		
(a) Cash and bank balances	692	1,016
(b) Short-term investments	1,116	264
(c) Inventories	383	461
(d) Accounts receivable	642	585
(e) Other current assets not listed in (a) to (d)	613	-
(f) Total current assets	<u>3,446</u>	<u>2,326</u>
<b>2 Fixed Assets</b>		
(a) System fixed assets	31,781	31,588
(b) Consumer billing and information system assets	471	519
(c) Motor vehicles	19	25
(d) Office equipment	-	-
(e) Land and buildings	80	18
(f) Capital works under construction	163	187
(g) Other fixed assets not listed in (a) to (f)	-	-
(h) Total fixed assets	<u>32,514</u>	<u>32,337</u>
<b>3 Other tangible assets not listed above</b>	-	-
<b>4 Total tangible assets</b>	<u>35,960</u>	<u>34,663</u>
<b>5 Intangibles</b>		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
(c) Total Intangibles	<u>-</u>	<u>-</u>
<b>6 Total assets</b>	<u>35,960</u>	<u>34,663</u>
<b>7 Current liabilities</b>		
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and Accruals	1,050	637
(d) Provision for dividends payable	-	-
(e) Provision for income tax	-	5
(f) Other current liabilities not listed in (a) to (e) above	13	18
(g) Total current liabilities	<u>1,063</u>	<u>660</u>

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2005

Note 18: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements: (cont)

	2005	2004
	\$000	\$000
<b>8 <u>Non-current liabilities</u></b>		
(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	-	-
<b>9 <u>Equity</u></b>		
(a) Shareholders' equity		
(i) Share capital	8,000	8,000
(ii) Retained earnings	3,102	2,256
(iii) Reserves	23,795	23,746
(iv) Total shareholders' equity	34,897	34,002
(b) Minority interests in subsidiaries	-	-
(c) Total equity	34,897	34,002
(d) Capital notes	-	-
(e) Total capital funds	34,897	34,002
<b>10 Total equity and liabilities</b>	35,960	34,662
<b>11 <u>Operating revenue</u></b>		
(a) Revenue from line/access charges	6,663	6,399
(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:	89	182
(d) AC loss-rental rebates	256	82
(e) Other revenue not listed in (a) to (d)	326	518
(f) Total operating revenue	7,334	7,181
<b>12 <u>Operating expenditure</u></b>		
(a) Payment for transmission charges	2,354	2,245
(b) Transfer payments to the "Other" business for:		
(i) Asset maintenance	670	652
(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	43	30
(viii) Total transfer payment to the "Other" business	713	682
(c) Expense to entities that are not related parties for		
(i) Asset maintenance	-	207
(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))	-	207
(d) Employee salaries, wages and redundancies	152	145
(e) Consumer billing and information system expense	-	-
(f) Depreciation on:		
(i) System fixed assets	1,473	1,038
(ii) Other assets not listed in (i)	61	31
(iii) Total depreciation	1,534	1,069



**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2005

Note 18: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements: (cont)

	2005 \$000	2004 \$000
(g) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	218	188
(i) Human resource expenses	1	5
(j) Marketing/advertising	25	35
(k) Merger and acquisition expenses	-	-
(l) Takeover defense expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	33	27
(o) Donations		
(p) Directors' fees	85	85
(q) Auditors' fees	-	-
(i) Audit fees paid to principal auditors	42	50
(ii) Audit fees paid to other auditors	20	22
(iii) Fees paid for other services provided by principal and other	6	1
(iv) Total auditors' fees	68	73
(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	484
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	267	253
13 <u>Total operating expenditure</u>	5,945	5,498
14 <u>Operating surplus before interest and income tax</u>	1,389	1,683
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)	-	3
(d) Total interest expense	-	3
16 <u>Operating surplus before income tax</u>	1,389	1,680
17 <u>Income tax</u>	493	5
18 <u>Net surplus after tax</u>	896	1,675

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

<b>Financial Measures</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Return On Funds	3.99%	5.47%	7.09%	-1.40%	2.82%
Return On Equity	2.59%	5.76%	4.80%	-0.66%	1.85%
Return on Investment *	2.57%	28.52%	4.55%	-2.34%	-11.06%
<b>Efficiency Measures</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Direct Line Cost Per Kilometre	\$ 559	\$ 517	\$ 530	\$ 574	\$ 468
Indirect Line Cost Per Customer	\$ 85	\$ 114	\$ 103	\$ 97	\$ 125

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

<b>Energy delivery efficiency performance measures</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Load factor	68.00%	67.00%	72.00%	30.41%
Loss ratio	7.33%	7.30%	7.35%	7.39%
Capacity utilisation	24.30%	26.40%	26.00%	58.36%
<b>Energy delivery efficiency performance statistics</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>System Length</b>				
33kV	93.10	92.00	93.00	91.00
11kV	1,381.30	1,381.00	1,410.00	1,434.00
400V	175.50	165.00	46.00	91.00
	<u>1,649.90</u>	<u>1,638.00</u>	<u>1,549.00</u>	<u>1,616.00</u>
<b>Circuit Length - Overhead</b>				
33kV	92.40	91.50	92.40	90.00
11kV	1,366.30	1,370.00	1,407.00	1,425.00
400V	156.50	156.00	33.00	68.20
	<u>1,615.20</u>	<u>1,617.50</u>	<u>1,532.40</u>	<u>1,583.20</u>
<b>Circuit Length - Underground</b>				
33kV	0.70	0.50	0.50	0.50
11kV	15.00	11.00	3.30	8.40
400V	19.00	9.00	12.50	22.70
	<u>34.70</u>	<u>20.50</u>	<u>16.30</u>	<u>31.60</u>
Transformer capacity	78,427	72,117	71,077	71,492
Maximum demand	19,024	19,016	18,716	41,724
Total Electricity entering the system (before losses)	113,792,436	111,970,890	117,713,011	111,117,752
<b>Total Electricity supplied (after losses)</b>				
Retailer 1	65,305,197	69,543,110	75,525,743	81,571,915
Retailer 2	8,279,653	13,155,263	24,617,535	12,009,511
Retailer 3	513,664	553,330	592,803	1,532,778
Retailer 4	30,891,960	21,083,280	8,224,200	7,038,256
Retailer 5	1,028,221	-	96,155	113,799
Retailer 6	-	-	-	687,278
	<u>106,018,695</u>	<u>104,334,983</u>	<u>109,056,436</u>	<u>102,953,537</u>
Total consumers	7,532	7,457	7,442	7,431

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

<b>Interruptions (#)</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Planned	28	36	100	127
Unplanned	168	230	230	258
	<u>196</u>	<u>266</u>	<u>330</u>	<u>385</u>
<b>Interruptions Targets (#)</b>	<b>2006</b>			
Planned	50			
Unplanned	150			
	<u>200</u>			
<b>Average Interruptions Targets (#)</b>	<b>2006 - 2010</b>			
Planned	50			
Unplanned	115			
	<u>165</u>			
<b>Proportion of the total number of Unplanned interruptions not restored within:</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
3 hours	11.90%	21.70%	10.60%	6.60%
24 hours	0.00%	0.00%	0.00%	0.00%
<b>Faults per 100 Km's</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
33kV	3.23	6.56	7.53	23.00
11kV	12.30	16.35	15.80	16.60
	<u>15.53</u>	<u>22.91</u>	<u>23.33</u>	<u>39.60</u>
	<b>2006</b>			
Targets				
33kV	4			
11kV	10			
	<u>14</u>			
	<b>2006 - 2010</b>			
Average Total Faults				
33kV	4			
11kV	10			
	<u>14</u>			
<b>Faults per 100 Km's - Underground</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
33kV	-	-	-	1
11kV	1	-	-	-
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Faults per 100 Km's - Overhead</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
33kV	3.23	6.56	7.58	21.98
11kV	12.30	16.35	15.85	16.70
	<u>15.53</u>	<u>22.91</u>	<u>23.43</u>	<u>38.68</u>

<b>SAIDI</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Planned	15.60	7.00	67.00	105.00
Unplanned	155.79	375.00	187.00	250.00
Class A	-	-	-	-
Class D	-	6.00	6.00	6.00
	<u>171.39</u>	<u>388.00</u>	<u>260.00</u>	<u>361.00</u>

<b>SAIDI Targets</b>	<b>2006</b>
Planned	50
Unplanned	150
	<u>200</u>

<b>Average SAIDI</b>	<b>2006 - 2010</b>
Planned	50
Unplanned	115
	<u>165</u>

<b>SAIFI</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Planned	0.07	0.03	0.49	0.36
Unplanned	4.36	7.13	6.42	7.69
Class A	-	-	-	-
Class D	-	0.28	0.31	1.00
	<u>4.43</u>	<u>7.44</u>	<u>7.22</u>	<u>9.05</u>

<b>SAIFI Targets</b>	<b>2006</b>
Planned	0.55
Unplanned	3.35

<b>Average SAIFI</b>	<b>2006 - 2010</b>
Planned	0.50
Unplanned	2.90

<b>CAIDI</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Planned	232.22	214.00	137.00	291.00
Unplanned	35.72	53.00	29.00	32.00
Class A	-	-	-	-
Class D	-	21.00	19.40	6.00
	<u>38.70</u>	<u>36.00</u>	<u>36.00</u>	<u>329.00</u>

<b>CAIDI Targets</b>	<b>2006</b>
Planned	91
Unplanned	45

<b>Average CAIDI</b>	<b>2006 - 2010</b>
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	1,389							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	1,389							
Interest on cash, bank balances, and short-term investments (ISTI)	89							
OSBIIT minus ISTI	1,300	a		1,300				1,300
Net surplus after tax from financial statements	896							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	896	n				896		
Amortisation of goodwill and amortisation of other intangibles	-	g					add	-
Subvention payment	-	s					add	-
Depreciation of SFA at BV (x)	1,473							
Depreciation of SFA at ODV (y)	1,473							
ODV depreciation adjustment	0	d		0			add	0
Subvention payment tax adjustment	-	s <sup>t</sup>					deduct	-
Interest tax shield	(29)	q					deduct	(29)
Revaluations	-	r					add	-
Income tax	493	p					deduct	493
<b>Numerator</b>				1,300		896		836
			OSBIITADJ = a + g + s + d		TADJ = n + g + s - s <sup>t</sup> + d		J = a + g - q + r + s + d - p - s <sup>t</sup>	
Fixed assets at end of previous financial year (FA <sub>0</sub> )	32,150							
Fixed assets at end of current financial year (FA <sub>1</sub> )	32,351							
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	391							

Adjusted net working capital at end of current financial year (ANWC <sub>t</sub> )	(37)	c	32,428			32,428
Average total funds employed (ATFE)	32,428					32,428
Total equity at end of previous financial year (TE <sub>0</sub> )	34,002					
Total equity at end of current financial year (TE <sub>1</sub> )	34,897					
Average total equity	34,450	k			34,450	
WUC at end of previous financial year (WUC <sub>0</sub> )	187					
WUC at end of current financial year (WUC <sub>1</sub> )	163					
Average total works under construction	175	e	deduct	deduct	175	deduct 175
Revaluations	-	r				
Half of revaluations	-	r/2				deduct -
Intangible assets at end of previous financial year (IA <sub>0</sub> )	-					
Intangible assets at end of current financial year (IA <sub>1</sub> )	-					
Average total intangible asset	-	m		add	-	
Subvention payment at end of previous financial year (S <sub>0</sub> )	-					
Subvention payment at end of current financial year (S <sub>1</sub> )	-					
Subvention payment tax adjustment at end of previous financial year	-					
Subvention payment tax adjustment at end of current financial year	-					
Average subvention payment & related tax adjustment	-	v		add	-	
System fixed assets at end of previous financial year at book value (SFA <sub>bv0</sub> )	31,588					

System fixed assets at end of current financial year at book value ( $SFA_{bvt}$ )	31,781	f	deduct	31,685	deduct	31,685	31,685
Average value of system fixed assets at book value	31,685						
System Fixed assets at year beginning at ODV value ( $SFA_{odv0}$ )	31,741						
System Fixed assets at end of current financial year at	32,283						
Average value of system fixed assets at ODV value	32,012	h	add	32,012	add	32,012	32,012
<b>Denominator</b>				32,580		34,602	32,580
				$ATFE^{ADJ} = c - e - f + h$		$k - e - m + v - f + h$	$ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
<b>Financial Performance Measure:</b>				3.99		2.59	2.57
				$ROF = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$		$E = NSAT^{ADJ}/ATE^{ADJ} \times 100$	$ROI = OSBIT^{ADJ}/ATFE^{ADJ} \times 100$

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



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

	2005 \$000	2004 \$000
System fixed assets at ODV at end of previous financial year	31,741	24,953
<b>ADD</b> system fixed assets acquired during the year at ODV	2,024	1,865
<b>LESS</b> system fixed assets disposed of during the year at ODV	9	58
<b>LESS</b> depreciation on system fixed assets at ODV	1,473	925
<b>ADD</b> revaluation of system fixed assets	-	5,906
<b>System fixed assets at ODV at end of the financial year</b>	<u><u>32,283</u></u>	<u><u>31,741</u></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 2005**

We have audited the financial statements of Centralines Limited on pages 2 to 16. The financial statements provide information about the past financial performance of Centralines Limited and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 2 to 5.

**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 2005, and the results of its operations and cash flows for the year ended on that date.

**Auditor's Responsibilities**

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity Information Disclosure Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed L H 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.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Centralines Limited.

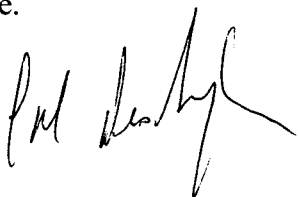
### **Unqualified Opinion**

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 2 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 2005 and the results of its operations and cash flows for the year ended on that date; and
  - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 18 August 2005 and our unqualified opinion is expressed as at that date.



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



**Audit New Zealand**

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

We have examined the information on pages 17 and 21 to 24, 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 18 August 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.

L H Desborough  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand  
18 August 2005