



New Zealand Gazette

OF THURSDAY, 14 AUGUST 2003

WELLINGTON: TUESDAY, 19 AUGUST 2003 — ISSUE NO. 106

ELECTRICITY ASHBURTON LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000 AND 2001

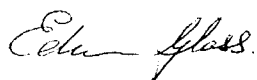
**Certification of Financial Statements, Performance Measures,
And Statistics Disclosed by Line Owners other than Transpower**

We, Edwin Glass and Gary Richard Leech, Directors of Electricity Ashburton Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached audited financial statements of Electricity Ashburton Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Electricity Ashburton Limited, and having been prepared for the purposes of Regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based as at 31 March 2001.

Dated this 30th day of July 2003



Director



Director

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2003**

	Note	2003 \$	2002 \$
REVENUE			
Line Charges	2	16,569,339	15,613,897
Other		<u>617,698</u>	<u>470,150</u>
		17,187,037	16,084,047
OPERATING EXPENDITURE	3		
Transmission Charges		4,696,763	4,416,966
Other		<u>7,837,285</u>	<u>5,969,083</u>
		12,534,048	10,386,049
OPERATING SURPLUS before Deferred Discount		4,652,989	5,697,998
Customer Deferred Discount	5	<u>2,936,582</u>	<u>4,948,042</u>
OPERATING SURPLUS before Taxation		1,716,407	749,956
Taxation	4	<u>1,373,171</u>	<u>1,022,471</u>
		343,236	(272,515)

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2003**

EQUITY AT START OF YEAR	6	67,834,327	67,508,018
Operating Surplus after Taxation		343,236	(272,515)
Prior Year Adjustment Deferred Taxation			
Distribution System Revaluation		<u>0</u>	<u>626,724</u>
Total Recognised Revenue and Expenses for the Period		343,236	354,209
Other Movements			
Shares Issued		<u>13,000</u>	<u>(27,900)</u>
		68,190,563	67,834,327

The accompanying notes form part of these financial statements

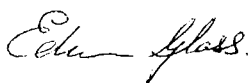
ELECTRICITY ASHBURTON LTD – LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2003

	Note	2003 \$	2002 \$
CURRENT ASSETS	7		
Bank		0	0
Inventory		2,230,324	2,608,552
Receivables and Prepayments		2,279,082	2,467,019
Total Current Assets		4,509,406	5,075,571
NON CURRENT ASSETS			
Investments			
Ashburton Aquatic Park Trust Loan		300,000	300,000
Fixed Assets	9		
Distribution System		88,932,726	81,842,328
Land & Buildings		2,696,765	2,662,943
Motor Vehicles		121,589	106,190
Plant, Furniture & Equipment		856,695	632,247
Work in Progress		1,801,363	695,633
Total Non Current Assets		94,709,138	86,239,341
TOTAL ASSETS		<u>\$99,218,544</u>	<u>\$ 91,314,912</u>
CURRENT LIABILITIES	8		
Bank Overdraft		2,769,858	2,298,227
Provision for Taxation		0	40,411
Creditors		1,816,572	1,823,567
Total Current Liabilities		4,586,430	4,162,205
NON CURRENT LIABILITIES	8		
Deferred Taxation	4	8,691,551	7,318,380
Bank Loan		17,750,000	12,000,000
Total Non Current Liabilities		26,441,551	19,318,380
SHAREHOLDERS' FUNDS			
Deferred Shares		28,750,000	28,750,000
Rebate Shares		1,250,000	1,250,000
Non Allocated Shares		(111,300)	(124,500)
Reserves		34,743,906	34,743,906
Retained Earnings		3,557,957	3,214,721
Total Shareholders Funds		68,190,563	67,834,327
TOTAL EQUITY AND LIABILITIES		<u>\$99,218,544</u>	<u>\$ 91,314,912</u>

For and on behalf of the Board

Date: 30 July 2003

DIRECTOR



DIRECTOR



The accompanying notes form part of these financial statements

ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES:	15		
Cash was Provided from:			
Receipts from Customers		16,739,814	15,864,021
Interest		5,413	34,386
		<u>16,745,227</u>	<u>15,898,407</u>
Cash was Disbursed for:			
Payment to Suppliers & Employees		(10,580,228)	(15,740,427)
Interest Paid		(866,118)	(131,574)
Net G S T Movement		203,110	(787,393)
Taxation Expenses		<u>(40,411)</u>	<u>(211,179)</u>
		<u>(11,283,647)</u>	<u>(16,870,573)</u>
Net Cash Flows from Operating Activities		5,461,580	(972,166)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash was Provided from:			
Sale of Fixed Assets		21,890	8,000
		<u>21,890</u>	<u>8,000</u>
Cash was Applied to:			
Loan Ashburton Aquatic Park Trust		0	0
Distribution System Improvements		(11,035,170)	(13,742,167)
Other Fixed Asset Additions		<u>(682,931)</u>	<u>(1,185,792)</u>
		<u>(11,718,101)</u>	<u>(14,927,959)</u>
Net Cash Flows Used in Investing Activities		(11,696,211)	(14,919,959)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash was Provided from:			
Contribution from Owners		13,000	(27,900)
Loan Received		5,750,000	12,000,000
		<u>5,763,000</u>	<u>11,972,100</u>
Cash was Applied to:			
Industry & Loan Repayments		0	0
Dividend		0	0
		<u>0</u>	<u>0</u>
Net Cash Flows From Financing Activities		5,763,000	11,972,100
NET INCREASE (DECREASE) IN CASH HELD		(471,631)	(3,920,025)
Opening Cash Brought Forward		<u>(2,298,227)</u>	<u>1,621,798</u>
Ending Cash Carried Forward		<u><u>(\$2,769,858)</u></u>	<u><u>\$ (2,298,227)</u></u>
REPRESENTED BY:			
Bank Account		<u><u>\$ (2,769,858)</u></u>	<u><u>\$ (2,298,227)</u></u>

The accompanying notes form part of these financial statements

ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

1 STATEMENT OF ACCOUNTING POLICIES

Statutory Base

Electricity Ashburton Limited is a Co-operative company registered under the Co-operative Companies Act 1996.

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 from the financial statements of Electricity Ashburton Limited as at 31 March 2003.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a modified historic cost basis have been followed.

Accounting Policies

a) Revenue

Line revenue is recognised as actual amounts invoiced during the period.
 Capital contributions are recognised as revenue in the year of receipt.

b) Transmission Charges

Transmission charges are recognised as a direct cost to the line business activity.

c) Depreciation

Depreciation has been provided on all tangible fixed assets other than freehold land on the following basis and at the following rates which amortise the cost of the asset over their economic lives.

Fixed Assets:

Distribution Network	1.4 % to 6.7% straight line
Buildings	
- concrete	1% straight line
- brick	2% straight line
- wooden	2.5% straight line
Motor Vehicles	14.4% to 31.2 % diminishing value

Plant & Equipment 7.5% to 60.0% diminishing value

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

d) Income Taxation

The income taxation expense charged against the operating surplus for the year is the estimated liability in respect of that operating surplus and is calculated after allowance for permanent differences.

Deferred Taxation is calculated on the comprehensive basis using the liability method (see Note 4). Future tax benefits attributable to tax losses or timing differences are only realised when there is virtual certainty of realisation.

e) Valuation of Assets

Land is stated at cost, all other fixed assets (except distribution assets) are stated at cost less accumulated depreciation.

All distribution system assets were revalued on an Optimised Deprival Value (ODV) basis by PriceWaterhouseCoopers as at 31 March 2001. All additions to the distribution network are recorded at cost. Distribution system assets will be revalued at least once every three years.

f) Accounts Receivable

Receivables are shown at net realisable value. All known bad debts have been written off during the year.

g) Inventories

Inventories are valued at the lower of cost, determined on a weighted average cost basis, and net realisable value.

h) Goods and Services Tax (GST)

These financial statements have been prepared exclusive of GST with the exception of accounts receivable and accounts payable, which are shown inclusive of GST.

i) Allocation Methodologies

Allocations of costs, revenues, assets and liabilities have been allocated in accordance with the Electricity (Information Disclosure) Regulations 1999.

Changes in Accounting Policies

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

	2003	2002
	\$	\$
2 REVENUE		
a) Revenue from line / access charges;	0	0
i) Revenue invoiced to customers by electricity retailer	16,013,596	14,608,728
ii) Revenue invoiced to customers by line owner	0	0
b) Revenue for services carried out by the line business	0	0
c) Income from interest on cash, bank balance and short term investments	5,413	34,093
d) AC loss – rental rebates	555,743	1,005,169
e) Other Revenue not listed in (a to d)	<u>612,285</u>	<u>436,057</u>
f) Total Operating Revenue	17,187,037	16,084,047
3 OPERATING EXPENDITURE		
a) Transmission Charges	4,696,763	4,416,966
b) Transfer Payments to "Other" Business		
i) Asset Maintenance	1,471,873	681,950
ii) Consumer Disconnection and Reconnection Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	24,068	15,497
v) Royalty and Patent expense	0	0
vi) Avoided transmission charges for own generation	0	0
vi) Other Goods and Services not listed in (i to vi)	<u>0</u>	<u>0</u>
Total transfer payment to the "Other" Business	1,495,941	697,447
c) Expense to entities that are not related parties for -		
i) Asset Maintenance	106,533	56,713
ii) Consumer Disconnection and Reconnections Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	21,061	7,163
v) Royalty and Patent expense	<u>0</u>	<u>0</u>
Total of specified expenses to non-related parties	127,594	63,876

	2003	2002
	\$	\$
d) Employee Salaries and Redundancies	1,332,860	1,337,857
e) Consumer billing and information system expense	0	0
f) Depreciation on-		
i) System fixed assets	2,918,427	2,620,462
ii) Other system assets not listed in (i)	307,987	309,105
Total Depreciation	3,226,414	2,929,567
g) Amortised of-		
i) Goodwill	0	0
ii) Other Tangibles	0	0
iii) Total amortisation of Intangibles	0	0
h) Corporate and Administration	297,150	266,629
i) Human Resource expenses	19,400	18,141
j) Marketing and advertising	35,077	21,698
k) Merger and acquisition expenses	0	0
l) Takeover defence expense	0	0
m) Research and development expenses	0	0
n) Consultancy and legal expenses	23,774	92,089
o) Donations	0	0
p) Directors fees	170,284	187,322
q) Auditors fees-		
i) Audit fees paid to principal auditors	17,260	15,357
ii) Audit fees paid to other auditors:	0	0
iii) Fees paid for other services provided by principal and other auditors	0	0
iv) Total auditors fees	17,260	15,357
r) Cost of offering credit-		
i) Bad debts written off	3,773	6,506
ii) Increase in estimated doubtful debts	0	0
iii) Total cost of offering credit	3,773	6,506
s) Local Authority rate expense	84,781	20,634
t) AC loss - rental rebates (distribution to retailers) expense	0	0
u) Rebates to customers due to ownership interest	2,936,582	4,948,042
v) Subvention payments	0	0
w) Unusual expenses	0	0
x) Other expenditure not listed in (a to x)	61,999	68,332
Total Operating Expenditure	14,529,652	15,090,463
Operating surplus before interest and income tax	2,657,385	993,584
Interest Expense		
a) Interest expense on borrowings	940,203	243,628
b) Financing charges related to finance lease	0	0
c) Other interest expense not listed in (a to b)	775	0
d) Total interest expense	0	0
	940,978	243,628
Operating surplus before income tax	1,716,407	749,956
Income Tax	1,373,171	1,022,471
Net Surplus after tax	\$343,236	\$ (272,515)

2003	2002
\$	\$

4 TAXATION

Net Surplus before Taxation	<u>1,716,407</u>	<u>749,956</u>
Prima facie taxation at 33%	566,414	247,485
Plus Tax effect on permanent differences	806,757	774,986
Less Tax effect of timing differences not recognised	<u>0</u>	<u>0</u>
Total Taxation Expense	<u>1,373,171</u>	<u>1,022,471</u>
The Taxation charge comprises:		
Current Taxation	0	40,411
Deferred Taxation	<u>1,373,171</u>	<u>982,060</u>
	<u>1,373,171</u>	<u>1,022,471</u>
Deferred Taxation Liability:		
Opening Balance	7,318,380	6,336,320
Current Year Movement	1,373,171	982,060
Prior Year Adjustment	<u>0</u>	<u>0</u>
	<u>8,691,551</u>	<u>7,318,380</u>

5 CUSTOMER DEFERRED DISCOUNT AND DIVIDEND

Calculations for deferred discounts paid to each customer were based on their individual line charges calculated for the financial year.

There has been no dividend declared this year.

6 EQUITY

a) Shareholders' equity-		
i) Share capital	29,888,700	29,875,700
ii) Retained earnings	3,557,957	3,214,721
iii) Reserves	<u>34,743,906</u>	<u>34,743,906</u>
iv) Total shareholders' equity	68,190,563	67,834,327
b) Minority interests in subsidiaries	<u>0</u>	<u>0</u>
c) Total equity	68,190,563	67,834,327
d) Capital notes	<u>0</u>	<u>0</u>
e) Total capital funds	68,190,563	67,834,327

There are 28,750,000 deferred shares held by the Ashburton District Council and these have the following conditions attached to them:

- i) There is no right to distributions, dividends or rebates
- ii) There is a right to vote if the rights attached to the deferred shares are to be altered or there is a proposal which would change the control of the Company or the rights of the Council are not carried forward on amalgamation
- iii) The shares are not transferable except to another local authority or if 25% of the voting shares are controlled by one person.
- iv) The right to an equal distribution with the holders of the rebate shares on a winding up of the Company

The Share capital of \$29,875,700 is the total shareholding in Electricity Ashburton Limited

	2003 \$	2002 \$
7 CURRENT ASSETS		
a) Cash and bank balances	0	0
b) Short term investments	0	0
c) Inventories	2,230,324	2,608,552
d) Accounts receivable	2,279,082	2,467,019
e) Other current assets not listed in (a to d)	0	0
f) Total Current Assets	4,509,406	5,075,571
8 CURRENT LIABILITIES		
a) Bank overdraft	2,769,858	2,298,227
b) Short term borrowings	0	0
c) Payables and accruals	1,816,572	1,823,567
d) Provision for dividend payable	0	0
e) Provision for income tax	0	40,411
f) Other current liabilities not listed in (a to e)	0	0
g) Total Current Liabilities	4,586,430	4,162,205
NON CURRENT LIABILITIES		
a) Payroll and accruals	0	0
b) Borrowings	17,750,000	12,000,000
c) Deferred tax	8,691,551	7,318,380
d) Other non current liabilities not listed in (a to c)	0	0
e) Total Non Current Liabilities	26,441,551	19,318,380
9 FIXED ASSETS		
a) System fixed assets	88,932,726	81,842,328
b) Centralised load control equipment	276,323	143,341
c) Consumer billing and information system assets	241,187	271,621
d) Motor Vehicles	121,589	106,190
e) Office Equipment	339,185	217,285
f) Land & Buildings	2,696,765	2,662,943
g) Capital works under construction:		
i) Subtransmission assets (transfer payment)	0	0
ii) Zone substations (transfer payments)	1,164,704	0
iii) Distribution lines and cables (transfer payments)	367,917	681,440
iv) Medium voltage switchgear (transfer payments)	0	0
v) Distribution transformers	0	14,193
vi) Distribution substations (transfer payments)	140,277	0
vii) Low voltage lines and cables (transfer payments)	128,465	0
viii) Other system fixed assets (transfer payments) as categorised in standard asset tables in the ODV Handbook	0	0
h) Other fixed assets not listed in (a to g)	0	0
i) Total Fixed Assets	94,409,138	85,939,341
j) Other tangible assets not listed above.	300,000	300,000

	2003 \$	2002 \$
Intangible Assets		
a) Goodwill	0	0
b) Other intangible assets not listed in (a)	0	0
c) Total Intangible Assets	0	0
 FIXED ASSETS DEPRECIATION		
Distribution System	94,471,615	84,462,790
Accumulated Depreciation	5,538,889	2,620,462
	88,932,726	81,842,328
 Land & Buildings	3,214,387	3,122,168
Accumulated Depreciation	517,622	459,225
	2,696,765	2,662,943
 Motor Vehicles	593,336	540,981
Accumulated Depreciation	471,747	434,791
	121,589	106,190
 Plant, Furniture & Equipment	3,726,431	3,236,927
Accumulated Depreciation	2,869,736	2,604,680
	856,695	632,247
 Work in Progress	1,801,363	695,633
 Total Non Current Assets	94,409,138	85,939,341

The directors believe that rating valuation is a fair representation of the fair value of the company's land and buildings. The rating valuation of land and buildings at 1 September 2000 is \$2,887,000.

10 FINANCIAL INSTRUMENTS

Electricity Ashburton Limited estimates that in respect of the reported Financial Instruments being cash, bank deposits, account receivables, investments and industry loan reported in the financial statement:-

- a) Fair value is equivalent to carrying an amount as stated in the statement of financial position.
- b) Concentration of credit risk is minimised in respect of:-
 - i) Receivables, the company has exposure of credit risk by having six line customers. Credit risk with each of these customers is managed by a use of system agreement. The company performs credit evaluations where considered necessary.
 - ii) Bank deposits, by a specific policy of spreading investments between registered trading banks, Ashburton Building Society and the Loan and Building Society
 - iii) Cash, by being held in minimal quantities

The company has a \$500,000 overdraft facility with WestpacTrust, which is secured by a negative pledge over assets. The company now has loans to the value of \$17.75 million from the Bank of New Zealand for capital works, interest rates for the loan are between 6.00% and 7.59% and expire on 31 October 2006. This loan is secured by a negative pledge over assets. An additional facility of \$2 million for the 2003/4 year has been approved.

11 COMMITMENTS

Estimated capital expenditure contracted for at balance date is \$690,494 (2002: \$2,746,700).

12 CONTINGENT LIABILITIES

As at 31 March 2003 there were no material contingent liabilities that are not included in these financial statements (2002: Nil).

13 SEGMENT INFORMATION

The predominant activity of Electricity Ashburton Limited is the distribution of electricity. All operations are conducted in New Zealand.

14 RELATED PARTIES

Electricity Ashburton Limited has a contracting division that provides services to the Lines Business. The services provided are for the maintenance of the network and capital construction of System Assets. The services are provided in an ongoing capacity. The standard charge for these services are:

Labour	\$22 to \$31 per hour
External Purchase	Charged at cost
Transport (light truck)	\$7.20 per hour
Transport (heavy truck)	\$18 to \$27 per hour

The contracting division of Electricity Ashburton Limited has provided the following services at cost, including overheads, for the period 1 April 2002 to 31 March 2003

	2003	2002
	\$	\$
Construction of distribution lines & cables	5,890,467	7,628,427
Construction of medium voltage switchgear	0	0
Construction of distribution transformers	452,627	255,628
Construction of distribution substations	2,224,146	1,942,443
Construction of low voltage lines and cables	514,101	328,844
Construction of other system fixed assets	0	0
Maintenance of assets	1,471,873	681,950
Consumer connections and reconnections	0	0
Other services	12,983	15,497

No amounts have been forgiven or written off, and no amounts remain outstanding at the end of the period.

15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reported Net profit after tax	343,236	(272,515)
Add Non Cash items:		
Movement in Deferred Taxation	1,373,171	982,061
Depreciation	3,226,414	2,929,567
	<u>4,942,821</u>	<u>3,639,113</u>
Add (less) Movements in Working Capital Items:		
Decrease (Increase) in Receivables	187,937	(633,418)
Decrease (Increase) in Inventories	378,228	(864,091)
(Decrease) Increase in Accounts Payable	(6,995)	(2,943,002)
(Decrease) Increase in Tax Payable	<u>(40,411)</u>	<u>(170,768)</u>
	518,759	(4,611,279)
Add (less) Items Classified as Investing Activities:		
Prior Year Adjustment	<u>0</u>	<u>0</u>
	0	0
Net Cash Flows from Operating Activities	<u>5,461,580</u>	<u>(972,166)</u>

	2003 \$	2002 \$
16 ANNUAL ODV VALUATION RECONCILIATION		
System fixed assets at ODV – end of previous financial year	83,707,196	68,663,315
Add system fixed assets acquired during the year at ODV	10,023,825	17,045,030
Less system fixed assets disposed of during the year at ODV	(189,030)	(7,461)
Less depreciation on system fixed assets at ODV	(2,918,427)	(2,620,462)
Add revaluations of system fixed assets	<u>0</u>	<u>626,774</u>
System fixed assets at ODV – end of financial year	90,623,564	83,707,196

The ODV valuation (31 March 2001) of \$68,663,315 includes a valuation for distribution system inventory amounting to \$1,864,868. In preparing these regulation financial statements inventory has been recorded at cost and not at the ODV valuation figure.

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

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	2,657,385				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	2,657,385				
Interest on cash, bank balances, and short-term investments (ISTI)	-5,413				
OSBIIT minus ISTI	2,651,972	a	2,651,972		2,651,972
Net surplus after tax from financial statements	343,236				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	343,236	n		343,236	
Amortisation of goodwill and amortisation of other intangibles		g	add 0	add 0	add 0
Subvention payment		s	add 0	add 0	add 0
Depreciation of SFA at BV (x)	2,918,427				
Depreciation of SFA at ODV (y)	2,918,427				
ODV depreciation adjustment	0	d	add 0	add 0	add 0
Subvention payment tax adjustment	0	s't		deduct 0	deduct 0
Interest tax shield		q			deduct 0
Revaluations		r			add 0
Income tax	1,373,171	p			deduct 1,373,171
Numerator			$OSBIIT^{ADJ} = a + g + s + d$	$NSAT^{ADJ} = n + g + s - s't + d$	$OSBIIT^{ADJ} = a + g - q + r + s + d - p - s't$
Fixed assets at end of previous financial year (FA ₀)	85,939,341				
Fixed assets at end of current financial year (FA ₁)	94,409,138				
Adjusted net working capital at end of previous financial year (ANWC ₀)					
Adjusted net working capital at end of current financial year (ANWC ₁)					
Average total funds employed (ATFE)	90,174,240	c	90,174,240		90,174,240
Total equity at end of previous financial year (TE ₀)	67,834,327				
Total equity at end of current financial year (TE ₁)	68,190,563				
Average total equity	68,012,445 (or regulation 33 time-weighted average)	k		68,012,445	
WUC at end of previous financial year (WUC ₀)	695,633				
WUC at end of current financial year (WUC ₁)	1,801,363				
Average total works under construction	1,248,498 (or regulation 33 time-weighted average)	e	deduct 1,248,498	deduct 1,248,498	deduct 1,248,498
Revaluations		r			
Half of revaluations		r/2			deduct 0
Intangible assets at end of previous financial year (IA ₀)	0				
Intangible assets at end of current financial year (IA ₁)	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year (S ₀)	0				
Subvention payment at end of current financial year (S ₁)	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v		add 0	
System fixed assets at end of previous financial year at book value (SFA _{bo0})	81,842,328				
System fixed assets at end of current financial year at book value (SFA _{bo1})	88,932,726				
Average value of system fixed assets at book value	85,387,527 (or regulation 33 time-weighted average)	f	deduct 85,387,527	deduct 85,387,527	deduct 85,387,527
System Fixed assets at year beginning at ODV value (SFA _{odv0})	83,707,196				
System Fixed assets at end of current financial year at ODV value (SFA _{odv1})	90,603,564				
Average value of system fixed assets at ODV value	87,155,380 (or regulation 33 time-weighted average)	H	add 87,155,380	add 87,155,380	add 87,155,380
Denominator			$ATFE^{ADJ} = c - e - f + h$	$Ave TE^{ADJ} = k - e - m + v - f + h$	$ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:			$ROF = \frac{OSBIIT^{ADJ}}{ATFE^{ADJ}} \times 100$	$ROE = \frac{NSAT^{ADJ}}{ATE^{ADJ}} \times 100$	$ROI = \frac{OSBIIT^{ADJ}}{ATFE^{ADJ}} \times 100$

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

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS
PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 2003**

FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES

	2003	2002	2001	2000
1 Financial Performance Measures				
(a) Return on funds	2.9%	1.2%	3.0%	3.7%
(b) Return on equity	0.5%	0.7%	2.2%	2.0%
(c) Return on investment	1.4%	0.7%	6.4%	(5.6%)
2 Efficiency Performance Measures				
(a) Direct line costs per kilometre	1,107	822	846	1,015
(b) Indirect line costs per electricity customer	48	45	52	40

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

1 Energy Delivery Efficiency Performance Measures:

(a) Load factor	55.57%	52.43%	57.49%	53.30%
(b) Loss ratio	8.20%	6.88%	6.55%	7.58%
(c) Capacity utilisation	31.02%	28.40%	27.30%	26.10%

2 Statistics

(a) Circuit Length (Total kms)

66 kV	127	53	31	16
33 kV	227	252	246	252
22 kV	374	319	288	226
11 kV	1,606	1,627	1,637	1,668
230/400 V	337	328	318	269
	-----	-----	-----	-----
Total	2,671	2,579	2,520	2,431

(b) Circuit Length - Overhead (kms)

66 kV	126	52	30	15
33 kV	221	246	240	248
22 kV	371	317	286	225
11 kV	1,517	1,543	1,560	1,602
230/400 V	146	146	147	135
	-----	-----	-----	-----
Total Overhead	2,381	2,304	2,263	2,225

	2003	2002	2001	2000
(c) Circuit Length - Underground (kms)				
66 kV	1	1	1	1
33 kV	6	6	6	4
22 kV	3	2	2	1
11 kV	89	84	77	66
230/400 V	191	182	171	134
	-----	-----	-----	-----
Total Underground	290	275	257	206
(d) Transformer Capacity (kVA))	270,503	262,739	253,786	239,168
(e) Maximum Demand (kW)	83,918	74,622	69,288	62,433
(f) Total electricity entering system before losses (kWh)				
	408,500,045	342,704,202	348,946,369	292,314,361
(g) Total electricity supplied from system after losses (kWh)				
Retailer A	221,466,356	206,946,451	215,299,174	217,059,862
Retailer B	121,853,775	83,748,471	82,609,122	37,951,872
Retailer C	3,099,157	3,751,917	5,508,125	6,765,585
Retailer D	0	5,399,981	12,888,835	5,501,187
Retailer E	0	0	0	1,673,153
Retailer F	27,449,843	18,521,786	9,117,533	1,203,385
Retailer G	1,152,684	757,546	652,254	2,578
	-----	-----	-----	-----
Total	375,021,815	319,126,152	326,075,043	270,157,622
(h) Total Customers	14,789	14,558	14,285	13,843

RELIABILITY PERFORMANCE MEASURES

1 Total number of interruptions

Class B - Planned by Line Owner	241	295	100	109
Class C - Unplanned by Line Owner	293	153	188	123
Class D - Unplanned by Transpower	0	0	0	4
Class G - Unplanned by Other Line Owners	0	0	0	2
	-----	-----	-----	-----
Total	534	448	288	238

2 Interruption targets for (next year)

Class B - Planned by Line Owner	160
Class C - Unplanned by Line Owner	140

3 Average interruption targets (5 years)

Class B - Planned by Line Owner	160
Class C - Unplanned by Line Owner	140

	2003	2002	2001	2000
4 Fault Restoration Times (Class C) interruptions not restored within:				
3 Hours	24.57%	32.68%	20.21%	4.88%
24 Hours	1.71%	0.65%	0%	0%
5 Number of faults per 100 km of prescribed voltage line				
(a) Total number of faults				
66 kV	3.1	3.8	6.5	6.3
33 kV	1.3	1.6	1.2	3.2
22 kV	16.3	14.1	13.9	4.0
11 kV	14.0	6.3	8.7	6.3
Total	11.0	5.9	7.5	5.1
(b) Target for (next year)				
66 kV	2.0			
33 kV	2.0			
22 kV	7.0			
11 kV	7.0			
Total	5.4			
(c) Average Target (5 years)				
66 kV	2.0			
33 kV	2.0			
22 kV	7.0			
11kV	7.0			
Total	5.4			
6 The total number of faults per 100km of prescribed voltage underground line				
66 KV	0	0	0	
33 kV	0	0	0	0
22 kV	0	0	0	0
11kV	2.2	0	5.2	3.0
Total	0.7	0	1.6	1.0
7 The total number of faults per 100km of prescribed voltage overhead line				
66 kV	3.2	3.8	6.7	6.7
33 kV	1.4	1.6	1.3	3.2
22 kV	16.4	14.2	14.0	4.0
11 kV	14.7	6.6	8.9	6.4
Total	12.2	6.6	8.1	5.4
8 SAIDI for the total number of interruptions				
	318.86	228.56	130.88	146.72
9 SAIDI targets (next year)				
Class B - Planned by Line Owner	85			
Class C - Unplanned by Line Owner	95			

	2003	2002	2001	2000
10 Average SAIDI targets (5 years)				
Class B - Planned by Line Owner	85			
Class C - Unplanned by Line Owner	95			
11 SAIDI - Classification of interruptions				
Class B - Planned by Line Owner	103.80	151.13	41.09	58.92
Class C - Unplanned by Line Owner	201.37	77.43	87.79	72.24
Class D - Unplanned by Transpower	13.69	0	0	15.28
Class G - Unplanned by Other Line Owners	0	0	0	0.18
12 SAIFI for the total number of interruptions	2.40	1.55	1.21	1.81
13 SAIFI targets (next year)				
Class B - Planned by Line Owner	0.40			
Class C - Unplanned by Line Owner	1.00			
14 Average SAIFI targets (5 years)				
Class B - Planned by Line Owner	0.40			
Class C - Unplanned by Line Owner	1.00			
15 SAIFI - Classification of interruptions				
Class B - Planned by Line Owner	0.38	0.44	0.13	0.19
Class C - Unplanned by Line Owner	1.51	1.11	1.09	0.92
Class D - Unplanned by Transpower	0.52	0	0	0.71
Class G - Unplanned by Other Line Owners	0	0	0	0
16 CAIDI for the total number of interruptions	133	147	108	81
17 CAIDI targets for (next year)				
Class B - Planned by Line Owner	212			
Class C - Unplanned by Line Owner	95			
18 Average CAIDI target (5 years)				
Class B - Planned by Line Owner	212			
Class C - Unplanned by Line Owner	95			
19 CAIDI - Classification of Interruptions				
Class B - Planned by Line Owner	275	340	317	317
Class C - Unplanned by Line Owner	134	70	83	79
Class D - Unplanned by Transpower	27	0	0	22
Class G - Unplanned by Other Line Owners	0	0	0	125

Gabites, Sinclair & Partners

Chartered Accountants & Business Advisers

100 Burnett Street,
P O Box 424
ASHBURTON, N.Z.

Phone (03) 308 5099

Fax (03) 308 3955

Email ~~gabites.sinclair@voyager.co.nz~~



AUDITORS REPORT

email@gabitesinclair.co.nz

To the readers of the financial statements of the Electricity Ashburton Limited.

We have audited the accompanying financial statements of Electricity Ashburton Limited on pages two to twelve. The financial statements provide information about the past financial performance of Electricity Ashburton Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages five and six.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Electricity Ashburton Limited as at 31 March 2003, and results of operations and cash flows for the year ended 31 March 2003.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

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 judgments made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming your opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm and the partners and employees of our firm, deal with the company on normal terms within the ordinary course of the business of the company. As part of these trading activities our firm and the partners and the employees are obliged to hold shares in the company. Our firm and the partners and employees have no other interests in the company.

Unqualified Opinion

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

In our opinion:-

- proper accounting records have been maintained by Electricity Ashburton Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Ashburton Limited on pages two to twelve:-
 - (a) comply with generally accepted accounting practice; and
 - (b) give a true and fair view of the financial position of the Company as at 31 March 2003 and the results of its operations and cash flows for the year then ended; and
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999

Our audit was completed on 30 July 2003 and our opinion is expressed as at that date.

Gabites Sinclair & Partners
GABITES, SINCLAIR & PARTNERS
ASHBURTON

PARTNERS: D. Neil Sinclair B.Com., F.C.A., A.C.C.M.
Alistair J. Rooney C.A.
Philip S. Quaid C.A.



Eric T. Parr B.Com., C.A.
Ross S. Gibson B.Com., C.A.

Gabites, Sinclair & Partners

Chartered Accountants & Business Advisers

100 Burnett Street,
P O Box 424
ASHBURTON, N.Z.

Phone (03) 308 5099
Fax (03) 308 3955

Email ~~gabites.sinclair@vodafone.co.nz~~
email@gabitesinclair.co.nz



AUDITOR'S OPINION OF PERFORMANCE MEASURES

We have examined the attached information, being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (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 Electricity Ashburton Limited and dated 30 July 2003 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

Gabites Sinclair & Partners

**GABITES, SINCLAIR & PARTNERS
ASHBURTON**

30 July 2003

PARTNERS: D. Neil Sinclair B.Com., F.C.A., A.C.C.M.
Alistair J. Rooney C.A.
Philip S. Quaid C.A.



Eric T. Parr B.Com., C.A.
Ross S. Gibson B.Com., C.A.