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## ELECTRICITY INVERCARGILL LIMITED

### INFORMATION FOR DISCLOSURE

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

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003**

Prepared for the Purposes of the Electricity (Information Disclosure) Regulations 1999  
and the Electricity (Information Disclosure) Amendment Regulations 2000

**INFORMATION DISCLOSURE DISCLAIMER**

The information disclosed in this 2003 Information Disclosure package issued by Electricity Invercargill Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Regulations.

The financial information presented is for the line business as described within the Electricity (Information Disclosure) Regulations 1999. There are also additional activities of the Company that are not required to be reported under the Regulations.

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 MARCH 2003**

	Note	31 March 2003 \$000	31 March 2002 \$000
Operating Revenue	1	12,347	12,246
Operating Expenses	2	6,751	7,337
<b>Net Surplus Before Taxation</b>		<b>5,596</b>	<b>4,909</b>
Taxation Expense		(1,853)	(1,714)
<b>Net Surplus After Taxation</b>		<b>3,743</b>	<b>3,195</b>

The accompanying statement of accounting policies and notes on pages 6 to 15 form part of and should be read in conjunction with these financial statements.

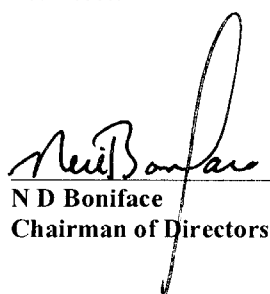
<p align="center"><b>ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS</b>  <b>STATEMENT OF MOVEMENTS IN EQUITY</b>  <b>FOR THE YEAR ENDED 31 MARCH 2003</b></p>
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	Note	31 March 2003 \$000	31 March 2002 \$000
<b>Total Recognised Revenues and Expenses</b>			
Net Surplus/(Deficit) for the Year		3,743	3,195
Revaluation of Assets		-	(217)
		<b>3,743</b>	<b>2,978</b>
<b>Contributions from Shareholders</b>			
- Capital Introduced		6	114
		<b>6</b>	<b>114</b>
<b>Distributions to Shareholders</b>			
- Dividend Proposed/Declared		-	-
- Dividend Paid		(2,200)	-
		<b>(2,200)</b>	<b>-</b>
<b>Movements in Equity for the Period</b>		<b>1,549</b>	<b>3,092</b>
<b>Equity at Beginning of Period</b>		<b>40,368</b>	<b>37,276</b>
<b>Equity at End of Period</b>	3	<b>41,917</b>	<b>40,368</b>

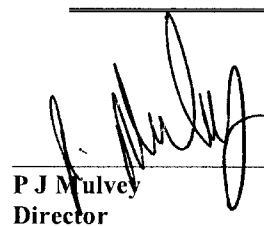
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**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2003**

	Note	31 March 2003 \$000	31 March 2002 \$000
Equity	3	41,917	40,368
<b>Represented By:</b>			
<b>Current Assets</b>			
Cash and Short Term Deposits	4	918	1,787
Receivables and Prepayments	5	1,029	1,044
Inventories		36	152
<b>Total Current Assets</b>		<b>1,983</b>	<b>2,983</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	6	40,540	38,290
Capital Work in Progress		1,047	929
<b>Total Non-Current Assets</b>		<b>41,587</b>	<b>39,219</b>
<b>Total Assets</b>		<b>43,570</b>	<b>42,202</b>
<b>Current Liabilities</b>			
Accounts Payable and Provisions	7	1,653	1,834
Provision for Dividend		-	-
<b>Total Current Liabilities</b>		<b>1,653</b>	<b>1,834</b>
<b>Total Liabilities</b>		<b>1,653</b>	<b>1,834</b>
<b>Net Assets</b>		<b>41,917</b>	<b>40,368</b>



N D Boniface  
Chairman of Directors



P J Mulvey  
Director

For and on behalf of the  
Board of Directors

24 July 2003

The accompanying statement of accounting policies and notes on pages 6 to 15 form part of and should be read in conjunction with these financial statements.

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2003**

	Note	31 March 2003 \$000	31 March 2002 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Was Provided From:</b>			
Receipts from Customers		12,173	11,071
Interest Received		129	102
Sundry Income		60	124
		12,362	11,297
<b>Cash Was Applied To:</b>			
Payments to Suppliers		4,837	4,443
Payments to Employees		363	552
Income Tax Paid		1,932	1,572
GST Paid		(11)	(30)
Interest Paid		-	10
		7,121	6,547
<b>Net Cash Flows From Operating Activities</b>	9	<b>5,241</b>	<b>4,750</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Was Provided From:</b>			
Sale of Property, Plant and Equipment		12	7
		12	7
<b>Cash Was Applied To:</b>			
Purchase of Property, Plant and Equipment		3,928	3,227
		3,928	3,227
<b>Net Cash Flows Used in Investing Activities</b>		<b>(3,916)</b>	<b>(3,220)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash Was Provided From:</b>			
Sale of Shares		6	-
		6	-
<b>Cash Was Applied To:</b>			
Dividend		2,200	1,886
		2,200	1,886
<b>Net Cash Flows Used in Financing Activities</b>		<b>(2,194)</b>	<b>(1,886)</b>
Net Increase/(Decrease) in Cash Held		(869)	(356)
Add Opening Cash Brought Forward		1,787	2,143
<b>Closing Cash Carried Forward</b>		<b>918</b>	<b>1,787</b>

The accompanying statement of accounting policies and notes on pages 6 to 15 form part of and should be read in conjunction with these financial statements.

## **ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2003**

### **GENERAL ACCOUNTING POLICIES**

#### ***Reporting Entity***

Electricity Invercargill Limited is a company registered under the *Companies Act 1993*. The Company is a wholly-owned subsidiary of Invercargill City Holdings Limited.

The Line Business reports on the network assets of Electricity Invercargill Limited, along with the joint venture interests in PowerNet Limited.

#### ***Purpose of the Financial Statements***

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 ("the regulations") as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

These financial statements relate to the Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services in accordance with Section 6 of the Regulations.

#### ***Measurement Base***

The measurement base adopted is that of historical cost except for the revaluation of certain items of property, plant and equipment as stated. Reliance is placed on the fact that Electricity Invercargill Limited is a going concern.

#### ***Specific Accounting Policies***

##### **(a) Principles of Consolidation**

The interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses after the elimination of all significant inter-company transactions.

##### **(b) Avoidable Cost Allocation Methodology**

The Avoidable Cost Allocation Methodology has been used to separate "Other" activities from Electricity Invercargill Limited and PowerNet Limited. Other activities or non Line Business activity has been excluded from these accounts.

##### **(c) Receivables**

Receivables are stated at their estimated realisable value after writing off bad debts for the period and making an allowance for doubtful debts. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

##### **(d) Inventories**

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

##### **(e) Property, Plant and Equipment**

The network system assets were revalued as at 31 March 2002 to depreciated replacement cost (DRC) as assessed by independent valuers, KPMG. Subsequent additions have been recorded at cost.

All other assets are recorded at cost less accumulated depreciation.

#### ***Revaluation***

The network system assets are revalued every five years or more regularly if necessary.

**(f) Depreciation**

Property, plant and equipment is depreciated on the basis of valuation cost price less estimated residual value over the period of their estimated useful life.

The Economic life ranges for the various classes of assets are:

Buildings	4.0%-10.0%	Straight line/diminishing value
Plant and Equipment	7.0%-39.6%	Straight line/diminishing value
Motor Vehicles	26.0%-31.2%	Straight line/diminishing value
Office Furniture & EDP Equipment	9.0%-60.0%	Straight line/diminishing value
Shared Assets	9.0%-48.0%	Diminishing value
Network Assets	15-70 years	Straight line

**(g) Distinction Between Capital and Revenue Expenditure**

Capital expenditure is defined as all expenditure on the creation of a new asset and any expenditure which results in a significant improvement to the original function of an existing asset.

Revenue expenditure is defined as expenditure which maintains an asset in working condition and expenditure incurred in maintaining the service performance and operation of the Company.

**(h) Income Tax**

The income tax expense charged against the profit for the year is the estimated liability calculated at 33 cents in the dollar in respect of that profit.

**(i) Goods and Services Tax**

All amounts in the financial statements have been shown exclusive of goods and services tax, with the exception of accounts receivable and accounts payable, which are shown inclusive of goods and services tax.

**(j) Work in Progress**

The cost of work in progress includes the cost of direct material and direct labour used in putting replacement and new systems in their present location and condition.

**(k) Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

**(l) Employee Entitlements**

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

**CHANGES IN ACCOUNTING POLICIES**

Previously the network assets were disclosed at optimised depreciated replacement cost (ODRC), they are now shown at depreciated replacement cost (DRC). The effect of this change has increased the net book value of the network assets by \$302,629.

There were no other changes in accounting policies during the year ended 31 March 2003.



<p align="center"><b>ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS</b>  <b>NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS</b>  <b>FOR THE YEAR ENDED 31 MARCH 2003</b></p>
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	31 March 2003 \$000	31 March 2002 \$000
<b>1. Operating Revenue</b>		
<i>Operating Revenue Comprises:</i>		
Line Charges	12,028	11,251
Interest on Investments	129	102
Transpower Rebate	130	825
Other Revenue	60	68
<b>Total Operating Revenue</b>	<b>12,347</b>	<b>12,246</b>
<b>2. Operating Expenses</b>		
<i>Operating Expenses Include:</i>		
Auditors Remuneration:		
- Statutory Audit	32	31
- Other	-	-
Bad Debts Written Off	7	1
Depreciation	1,546	1,694
Directors' Fees	86	85
Interest Expense	-	10
Lease Costs	-	-
Loss on Disposal of Fixed Assets	1	4
<b>3. Equity</b>		
Paid in Capital	13,006	13,000
General Reserve	547	547
Revaluation Reserve	15,749	15,749
Retained Earnings	12,615	11,072
<b>Total Equity</b>	<b>41,917</b>	<b>40,368</b>
<b>4. Cash and Short Term Deposits</b>		
Current Account	273	1,367
Short Term Deposits	645	420
<b>Total Cash and Short Term Deposits</b>	<b>918</b>	<b>1,787</b>
<b>5. Receivables and Prepayments</b>		
Trade Debtors	996	1,016
Accruals	6	3
Prepayments	27	25
<b>Total Receivables and Prepayments</b>	<b>1,029</b>	<b>1,044</b>

6.	Property, Plant and Equipment	Cost or Valuation	Accumulated Depreciation \$000	31 March 2003 \$000	31 March 2002 \$000
	System Fixed Assets	41,456	1,397	40,059	37,750
	Customer Billing & Information Systems	591	440	151	154
	Motor Vehicles	-	-	-	3
	Office Equipment	138	95	43	44
	Land & Buildings	208	72	136	150
	Plant & Equipment	418	267	151	189
	<b>Total Property, Plant and Equipment</b>	<b>42,811</b>	<b>2,271</b>	<b>40,540</b>	<b>38,290</b>
7.	<b>Accounts Payable and Provisions</b>				
	Trade Creditors and Accruals			1,536	1,647
	GST Payable			52	30
	Provision for Employee Entitlements			63	76
	Provision for Taxation			2	81
	<b>Total Accounts Payable and Provisions</b>			<b>1,653</b>	<b>1,834</b>
8.	<b>Commitments</b>				
	<b>Operating Lease Commitments</b>				
	Operating Lease Commitments are payable as follows:				
	- No later than one year			40	35
	- Later than one year and not later than two years			19	3
	- Later than two years and not later than five years			43	3
	- Later than five years			-	-
	<b>Total Operating Lease Commitments</b>			<b>102</b>	<b>41</b>
9.	<b>Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows</b>				
	Net Surplus After Taxation			3,743	3,195
	Plus/(Less) Non Cash Items:				
	Depreciation			1,546	1,694
				1,546	1,694
	Plus/(Less) Items Classified as Investing Activities				
	Loss on Sale of Property, Plant and Equipment			1	4
	Gain on Sale of Property, Plant and Equipment			-	-
				1	4
	Plus/(Less) Movements in Working Capital Items:				
	(Increase)/Decrease in Receivables			15	(948)
	(Increase)/Decrease in Stock and Work in Progress			116	(66)
	(Decrease)/Increase in Accounts Payable			(124)	699
	(Decrease)/Increase in Other Current Liabilities			23	30
	(Decrease)/Increase in Provision for Taxation			(79)	142
				(49)	(143)
	<b>Net Cash Flows from Operating Activities</b>			<b>5,241</b>	<b>4,750</b>

**10. Contingent Liabilities**

There are no contingent liabilities as at 31 March 2003 (2002: Nil).

**11. Financial Instruments*****Interest Rate Risk***

The Company is subject to normal fluctuations in interest rates.

***Credit Risk***

Financial instruments which potentially subject the Company to a credit risk consist principally of bank deposits and receivables. Bank deposits are placed with high credit quality financial institutions. Concentrations of credit risk with respect to receivables relate to PowerNet Limited but are subject to normal terms of trade. Regular monitoring of receivables is undertaken.

***Foreign Exchange Risk***

The Company is not exposed to any foreign exchange risk.

***Fair Values***

All financial instruments shown in the Statement of Financial Position are recorded at fair value.

**12. Related Parties**

Electricity Invercargill Limited "Line Business" consists of line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited. Electricity Invercargill Limited "Other Business" consists of other or non-line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited.

All related party transactions between Electricity Invercargill Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

During the year related party transactions took place between Electricity Invercargill Limited Line Business and Electricity Invercargill Limited Other Business. All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

**Electricity Invercargill Limited Line Business purchased from PowerNet Limited Other Business:**

	31 March 2003 \$000	31 March 2002 \$000
Construction of:		
➤ Subtransmission assets	114	21
➤ Zone substations	763	37
➤ Distribution lines and cables	249	1,223
➤ Distribution switchgear	145	370
➤ Distribution transformers	503	113
➤ Distribution substations	41	98
➤ Low voltage lines and cables	1,091	660
➤ Other system fixed assets	101	-
Maintenance of assets	-	-
Customer connections and disconnections	17	12

These amounts represent the capital works programme undertaken by PowerNet Limited on behalf of Electricity Invercargill Limited.

The value of transactions owing at balance date were as follows:

- ❑ Electricity Invercargill Limited Line Business owes PowerNet Limited Other Business \$410,000 (2002: \$813,000).
- ❑ PowerNet Limited's Line Business owes Electricity Invercargill Limited Other Business Nil (2002: Nil).

No related party debts have been written off or forgiven during 2003 or 2002.

<b>13. Annual Valuation Reconciliation Report</b>	<b>31 March 2003 \$000</b>	<b>31 March 2002 \$000</b>
System fixed assets at ODV – end of previous financial year	37,750	36,437
<i>Less</i> recalibration of system fixed assets	-	(1,343)
Revised system fixed assets – end of previous financial year	37,750	35,094
<i>Add</i> system fixed assets acquired during year at ODV	1,611	2,622
<i>Less</i> system fixed assets disposed of during year at ODV	(131)	(547)
<i>Less</i> depreciation on system fixed assets at ODV	(1,470)	(1,372)
<i>Add</i> revaluations of system fixed assets	-	1,953
<b>System fixed assets at ODV – end of the financial year</b>	<b>37,760</b>	<b>37,750</b>

**14. Disclosure of Information**

Disclosure of information to be disclosed in the Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999, Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	31 March 2003 \$000	31 March 2002 \$000
<b>Current Assets</b>		
(a) Cash and bank balances	273	1,367
(b) Short-term investments	645	420
(c) Inventories	36	152
(d) Accounts receivable	1,029	1,044
(e) Other current assets not listed in (a) to (d)	-	-
<b>Total Current Assets</b>	<b>1,983</b>	<b>2,983</b>
<b>Property, Plant and Equipment</b>		
(a) System fixed assets	40,059	37,750
(b) Consumer billing and information system assets	151	154
(c) Motor vehicles	-	3
(d) Office equipment	43	44
(e) Land and buildings	136	150
(f) Capital works under construction	1,047	929
(g) Other fixed assets not listed in (a) to (f)	151	189
<b>Total Property, Plant and Equipment</b>	<b>41,587</b>	<b>39,219</b>
<b>Other tangible assets not listed above</b>	<b>-</b>	<b>-</b>
<b>Total Tangible Assets</b>	<b>41,587</b>	<b>39,219</b>
<b>Intangible Assets</b>		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
<b>Total Intangible Assets</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>43,570</b>	<b>42,202</b>
<b>Current Liabilities</b>		
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	1,651	1,753
(d) Provision for dividends payable	-	-
(e) Provision for income tax	2	81
(f) Other current liabilities not listed in (a) to (e) above	-	-
<b>Total Current Liabilities</b>	<b>1,653</b>	<b>1,834</b>
<b>Non-Current Liabilities</b>		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Equity</b>		
(a) Shareholders' equity:		
(i) Share capital	13,006	13,000
(ii) Retained earnings	12,615	11,072
(iii) Reserves	16,296	16,296
Total Shareholders' equity	41,917	40,368
(b) Minority interests in subsidiaries	-	-
<b>Total Equity</b>	<b>41,917</b>	<b>40,368</b>
(c) Capital notes	-	-
<b>Total Capital Funds</b>	<b>41,917</b>	<b>40,368</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,570</b>	<b>42,202</b>

	31 March 2003 \$000	31 March 2002 \$000
<b>Operating Revenue</b>		
(a) Revenue from line/access charges.	12,028	11,251
(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	129	102
(d) AC loss-rental rebates	330	825
(e) Other revenue not listed in (a) to (d)	60	68
<b>Total Operating Revenue</b>	<b>12,547</b>	<b>12,246</b>
<b>Operating Expenditure</b>		
(a) Payment for transmission charges	3,146	3,231
(b) Transfer payments to the "Other" business for:	-	-
(i) Asset maintenance	-	-
(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	-	-
<b>Total transfer payment to the "Other" business</b>	<b>-</b>	<b>-</b>
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	910	1,158
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
<b>Total of specified expenses to non-related parties (sum of (i) to (v))</b>	<b>910</b>	<b>1,158</b>
(d) Employee salaries, wages and redundancies	363	552
(e) Consumer billing and information system expense	54	63
(f) Depreciation on:		
(i) System fixed assets:	1,398	1,372
(ii) Other assets not listed in (i)	149	322
<b>Total depreciation</b>	<b>1,547</b>	<b>1,694</b>
(g) Amortisation of:		
(i) Goodwill:	-	-
(ii) Other intangibles:	-	-
<b>Total Amortisation of Intangibles</b>	<b>-</b>	<b>-</b>
(h) Corporate and administration:	276	112
(i) Human resource expenses:	34	40
(j) Marketing/advertising:	60	78
(k) Merger and acquisition expenses:	-	26
(l) Takeover defence expenses:	-	-
(m) Research and development expenses:	-	-

	31 March 2003 \$000	31 March 2002 \$000
(n) Consultancy and legal expenses:	69	59
(o) Donations:	-	-
(p) Directors' fees:	86	85
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	32	31
(ii) Audit fees paid to other auditors:	-	-
(iii) Fees paid for other services provided by principal and other auditors:	-	-
<b>Total Auditors' fees:</b>	<b>32</b>	<b>31</b>
(r) Costs of offering credit:		
(i) Bad debts written off:	7	1
(ii) Increase in estimated doubtful debts:	-	-
<b>Total cost of offering credit:</b>	<b>7</b>	<b>1</b>
(s) Local authority rates expense:	11	4
(t) AC loss-rentals (distribution to retailers/customers) expense:	200	-
(u) Rebates to consumers due to ownership interest:	-	-
(v) Subvention payments:	97	114
(w) Unusual expenses:	-	-
(x) Other expenditure not listed in (a) to (w)	59	79
<b>Total operating expenditure</b>	<b>6951</b>	<b>7,327</b>
<b>Operating surplus before interest and income tax</b>	<b>5,596</b>	<b>4,919</b>
<b>Interest expense</b>		
(a) Interest expense on borrowings	-	10
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
<b>Total interest expense</b>	<b>-</b>	<b>10</b>
<b>Operating surplus before income tax</b>	<b>5,596</b>	<b>4,909</b>
<b>Income tax</b>	<b>1,853</b>	<b>1,714</b>
<b>Net surplus after tax</b>	<b>3,743</b>	<b>3,195</b>

# ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REGULATION 15 OF THE ELECTRICITY (INFORMATION DISCLOSURE)  
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)  
AMENDMENT REGULATIONS 2000

## Financial Measures

	2003	2002	2001	2000
Return on Funds	14.57%	13.54%	12.03%	9.98%
Return on Equity	9.56%	8.64%	8.16%	6.93%
Return on Investment	9.68%	8.20%	11.02%	5.68%
Return on Investment (excluding revaluation)		8.81%		

## Efficiency Performance Measures

	2003	2002	2001	2000
Direct Line Costs per Kilometre	\$1,600	\$1,991	\$2,041	\$1,745
Indirect Line Costs per Electricity Customer	\$50	\$54	\$56	\$62



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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	5,595,872				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	5,595,872				
Interest on cash, bank balances, and short-term investments (ISTI)					
OSBIIT minus ISTI	129,073				
Net surplus after tax from financial statements	5,466,799	a	5,466,799		5,466,799
Net surplus after tax adjusted pursuant to Regulation 18 (NSAT)	3,743,044				
Amortisation of goodwill and amortisation of other intangibles	3,743,044	n		3,743,044	
Subvention payment	0	g	add 0	add 0	add 0
Depreciation of SFA at BV (x)	97,279	s	add 97,279	add 97,279	add 97,279
Depreciation of SFA at ODV (y)	1,397,500				
ODV depreciation adjustment	1,470,752				
Subvention payment tax adjustment	-73,252	d	add -73,252	add -73,252	add -73,252
Interest tax shield	32,102	s*t		deduct 32,102	deduct 32,102
Revaluations	-42,594	q			deduct -42,594
Income tax	0	r			add 0
Numerator	1,852,828	p			deduct 1,852,828
Fixed assets at end of previous financial year (FA <sub>0</sub> )			OSBIIT <sup>ADJ</sup> = a+g+s+t+d	NSAT <sup>ADJ</sup> = n+g+s*t+d	OSBIIT <sup>ADJ</sup> = a+g-q+t+s+d-p-s*t
Fixed assets at end of current financial year (FA <sub>1</sub> )	39,218,791				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	41,586,851				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	-557,421				
Average total funds employed (A TFE)	-586,152				
	39,831,034	c	39,831,034		39,831,034
	(or regulation 33 time-weighted average)				
Total equity at end of previous financial year (TE <sub>0</sub> )	40,367,937				
Total equity at end of current financial year (TE <sub>1</sub> )	41,917,597				
Average total equity	41,142,767	k		41,142,767	
	(or regulation 33 time-weighted average)				
WUC at end of previous financial year (WUC <sub>0</sub> )	928,629				
WUC at end of current financial year (WUC <sub>1</sub> )	1,047,022				
Average total works under construction	987,826	e	deduct 987,826	deduct 987,826	deduct 987,826
	(or regulation 33 time-weighted average)				
Revaluations	0	r			
Half of revaluations	0	r/2			deduct 0

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
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	m		add	0
	(or regulation 33 time-weighted average)				
Subvention payment at end of previous financial year ( $S_0$ )	114,220				
Subvention payment at end of current financial year ( $S_1$ )	97,279				
Subvention payment tax adjustment at end of previous financial year	37,693				
Subvention payment tax adjustment at end of current financial year	32,102				
Average subvention payment and related tax adjustment	70,852	v		add	70,852
System fixed assets at end of previous financial year at BV ( $SFA_{bvo}$ )	37,749,778				
System fixed assets at end of current financial year at BV ( $SFA_{bvi}$ )	40,058,787				
Average value of system fixed assets at BV	38,904,282	f	deduct	38,904,282	deduct
	(or regulation 33 time-weighted average)				
System Fixed assets at year beginning at ODV value ( $SFA_{odvo}$ )	37,749,778				
System Fixed assets at end of current financial year at ODV value ( $SFA_{odvi}$ )	37,758,683				
Average value of system fixed assets at ODV value	37,754,231	h	add	37,754,231	add
	(or regulation 33 time-weighted average)				
<b>Denominator</b>					
			37,693,157		
			ATFE <sup>ADJ</sup> = c-e-f+h		
<b>Financial Performance Measure</b>					
			39,075,742		37,693,157
			Ave TE <sup>ADJ</sup> = k-e-m+v-f+h		ATFE <sup>ADJ</sup> = c-e-1/2r-f+h
			9.56		9.68
			ROE=NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100		ROI=OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100

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

## ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE)  
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)  
AMENDMENT REGULATIONS 2000

### Energy Delivery Efficiency Performance Measures Years Ending 31 March 2000, 2001, 2002 and 2003

	2003	2002	2001	2000
(e) Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	54.4%	48.6%	51.6%	54.9%
(f) Loss Ratio (Transmission losses over energy entering the system)	9.7%	11.0%	4.5%	10.0%
(g) Capacity Utilisation (Maximum demand over total transformer capacity)	42.1%	44.1%	41.5%	38.5%

The loss ratio is derived from electricity supplied information provided by other parties. Electricity Invercargill Limited is unable to audit this information and is not confident with its accuracy and estimates the losses for 2002/2003 at 4.0%.

### Statistics

		66kV	33kV	22kV	11kV	6.6kV	400V	Total
System Length (km's)	1999/00	-	17	-	181	-	497	695
	2000/01	-	20	-	180	-	486	686
	2001/02	-	23	-	180	-	485	688
	2002/03	-	23	-	181	-	489	694
Overhead Lines (km's)	1999/00	-	0.3	-	56	-	133	189
	2000/01	-	0.3	-	49	-	87	136
	2001/02	-	0.8	-	42	-	76	119
	2002/03	-	1	-	39	-	67	107
Underground Cables (km's)	1999/00	-	17	-	125	-	364	506
	2000/01	-	20	-	131	-	399	550
	2001/02	-	22	-	138	-	409	569
	2002/03	-	22	-	143	-	422	587

	TX Capacity	Maximum Demand	Electricity Supplied	Electricity Conveyed	Total Customers
1999/00	138,480	53,380	256,560,014	231,010,555	16,733
2000/01	139,483	57,871	261,653,800	249,898,517	16,701
2001/02	140,770	62,113	264,562,646	235,363,540	16,847
2002/03	141,915	59,686	284,541,935	257,047,355	16,961

### Electricity Conveyed for Retailers and The Power Company Limited

	2003 KWh	2002 KWh
Contact Energy	186,623,868	175,477,077
Genesis	7,964,609	4,914,775
Meridian	34,605,351	22,741,371
Mighty River	1,597,380	3,486,775
The Power Company Limited OCB46	6,464,423	5,981,473
TransAlta NZ	-	7,284,490
TrustPower	19,791,724	15,477,579
	<b>257,047,355</b>	<b>235,363,540</b>

# ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS RELIABILITY PERFORMANCE MEASURES

PURSUANT TO REGULATION 22 OF THE ELECTRICITY (INFORMATION DISCLOSURE)  
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)  
AMENDMENT REGULATIONS 2000

## Reliability Statistics For Years Ending 31 March 2000, 2001, 2002 and 2003

Class		A	B	C	D	E	F	G	H	I	TOTAL
Interruptions	1999/00	-	18	22	-	-	-	-	-	-	40
	2000/01	-	11	29	-	-	-	-	-	-	40
	2001/02	-	11	22	2	-	-	-	-	-	35
	2002/03	-	6	15	-	-	-	-	-	-	21
Predicted 2003/2004		-	8	16	-	-	-	-	-	-	24
5-Year Average Target		-	7	15	-	-	-	-	-	-	22
SAIDI	1999/00	-	4.7	29.0	-	-	-	-	-	-	33.7
	2000/01	-	4.0	31.0	-	-	-	-	-	-	35.0
	2001/02	-	4.0	32.0	59.8	-	-	-	-	-	95.8
	2002/03	-	2.0	19.4	-	-	-	-	-	-	21.4
Predicted 2003/2004		-	3.5	27.5	-	-	-	-	-	-	31.0
5-Year Average Target		-	3.0	26.0	-	-	-	-	-	-	29.0
SAIFI	1999/00	-	0.11	0.53	-	-	-	-	-	-	0.64
	2000/01	-	0.05	1.07	-	-	-	-	-	-	1.12
	2001/02	-	0.04	1.12	1.71	-	-	-	-	-	2.87
	2002/03	-	0.01	0.69	-	-	-	-	-	-	0.70
Predicted 2003/2004		-	0.03	0.97	-	-	-	-	-	-	1.00
5-Year Average Target		-	0.03	0.96	-	-	-	-	-	-	0.99
CAIDI	1999/00	-	42.5	54.8	-	-	-	-	-	-	52.7
	2000/01	-	80.4	28.9	-	-	-	-	-	-	31.2
	2001/02	-	98.8	28.5	35.0	-	-	-	-	-	33.3
	2002/03	-	180.9	28.2	-	-	-	-	-	-	30.6
Predicted 2003/2004		-	116.6	28.4	-	-	-	-	-	-	31.0
5-Year Average Target		-	100.0	27.0	-	-	-	-	-	-	29.3

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	1999/00	-	-	17.9	17.9
	2000/01	-	-	38.8	38.6
	2001/02	-	-	37.6	36.9
	2002/03	-	-	33.4	32.29
UG per 100km	1999/00	-	-	4.8	4.2
	2000/01	-	-	5.4	4.7
	2001/02	-	-	4.4	3.8
	2002/03	-	-	0.7	0.6
Total per 100km	1999/00	-	-	4.8	4.2
	2000/01	-	-	5.4	4.7
	2001/02	-	-	12.2	10.8
	2002/03	-	-	7.7	6.8
Predicted 2003/2004		-	-	8.8	7.8
5-Year Average Target		-	-	8.3	7.3

Class C Interruptions Not Restored in	3 hours	Nil
Class C Interruptions Not Restored in	24 hours	Nil

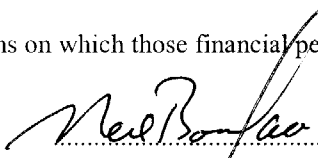
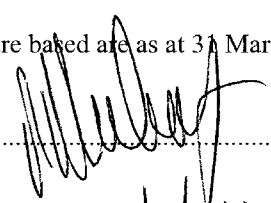
## ELECTRICITY INVERCARGILL LIMITED CERTIFICATION OF FINANCIAL STATEMENTS PERFORMANCE MEASURES AND STATISTICS

We, Neil Douglas Boniface and Philip James Mulvey, Directors of Electricity Invercargill Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

- a) The attached audited financial statements of Electricity Invercargill Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- b) The attached information being the derivation table, financial measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Electricity Invercargill Limited and having been prepared for the purpose 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 are as at 31 March 2003.

Signed:

Dated:

24/7/03

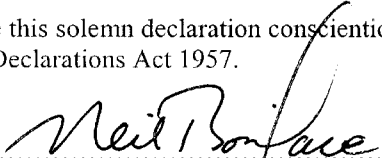
24/7/03

## STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO SECRETARY

I, Neil Douglas Boniface of 502 Queens Drive, Invercargill, being a Director of Electricity Invercargill Limited, solemnly and sincerely declare that having made all reasonable inquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

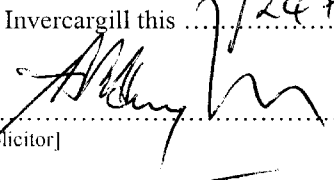
Signed:



Declared at Invercargill this 24<sup>th</sup> day of July 2003.

Signed:

[Solicitor]





## Audit New Zealand

### REPORT OF THE AUDITOR-GENERAL

#### TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRICITY INVERCARGILL LIMITED FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Electricity Invercargill Limited on pages 2 to 14. The financial statements provide information about the past financial performance of Electricity Invercargill Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 6 and 7.

#### **Directors' Responsibilities**

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

#### **Auditor's Responsibilities**

Section 15 of the Public Audit Act 2001 and Regulation 31 of the Electricity (Information Disclosure) Regulations 1999 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 Bede Kearney 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 and performance information. 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 Electricity Invercargill Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give 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 Electricity Invercargill Limited.

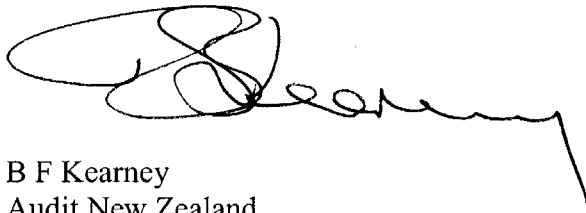
**Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by Electricity Invercargill Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Invercargill Limited on pages 2 to 14:
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of Electricity Invercargill Limited's financial position as at 31 March 2003 and the results of its operations and cash flows for the year ended on that date; and
  - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 25 July 2003 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'B F Kearney', with a long horizontal stroke extending to the right.

B F Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



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

I have examined the attached information on pages 11 and 15 to 17, being –

- (a) the derivation table in regulation 16;
- (b) the annual ODV reconciliation report in regulation 16A;
- (c) the financial performance measures in clause 1 of Part 3 of the Schedule 1; and
- (d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of Schedule 1, -

that were prepared by Electricity Invercargill Limited and dated 24 July 2003 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

B F Kearney  
Audit New Zealand  
On behalf of the Controller & Auditor-General  
Christchurch, New Zealand  
25 July 2003