



New Zealand Gazette

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SCANPOWER LIMITED

INFORMATION FOR DISCLOSURE

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

STATUORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION
SUPPLIED TO SECRETARY


I, Diane Wilkinson of Dannevirke, Manager
Being a Director of SCANPOWER 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.



Declared at DANNEVIRKE

this 3rd day of September 2002



Solicitor

Murray Alexander Pringle
Solicitor
Lloyd Dodson & Pringle
Dannevirke

**CERTIFICATE OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND
STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower**

We, Peter Clayton and Di Wilkinson, Directors of **SCANPOWER LIMITED**, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached audited financial statements of **SCANPOWER 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 **SCANPOWER 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 are as at 31 March 2002.



Peter Clayton
30 August 2002



Di Wilkinson
30 August 2002

Certificate of Valuation Report of Line Owners

We, Peter Clayton and Di Wilkinson, Directors of Scanpower Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) the attached valuation report of Scanpower Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- (b) the replacement cost of the line business system fixed assets of Scanpower Limited is \$30,074,313 ; and
- (c) the depreciated replacement cost of the line business system fixed assets of Scanpower Limited is \$15,959,923 ; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Scanpower Limited is \$15,870,948 ; and
- (e) the optimised deprival valuation of the line business system fixed assets of Scanpower Limited is \$15,870,948 ; and
- (f) the values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2002.



Peter Clayton

Date 3/9/02.



Di Wilkinson

Date 3/09/02



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Auditor's Opinion in Relation to Valuation

We have examined the valuation report of ScanPower Limited and dated 14 August 2001, which report contains valuations of system fixed assets as at 31 March 2001.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$15,870,948, have been made in accordance with the ODV Handbook.

PricewaterhouseCoopers
PricewaterhouseCoopers
Wellington
16 August 2001



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF SCANPOWER LIMITED FOR THE YEAR ENDED 31 MARCH 2002

We have audited the financial statements of ScanPower Limited on pages 1 to 15. The financial statements provide information about the past financial performance of ScanPower Limited and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out on pages 5 to 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 ScanPower Limited as at 31 March 2002, and results of 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 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 ScanPower 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.

We have carried out one other assignment for ScanPower Limited in the area of tax compliance services. Other than this assignments and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in ScanPower Limited.

Unqualified opinion

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

In our opinion:

- ▲ proper accounting records have been kept by ScanPower Limited as far as appears from our examination of those records *and*
- ▲ the financial statements on pages 1 to 15:
 - (a) comply with generally accepted accounting practice *and*
 - (b) give a true and fair view of the financial position of ScanPower Limited as at 31 March 2002 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 30 August 2002 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



SCANPOWER LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDED 31 MARCH

	Notes	2002 \$'000	2001 \$'000
Revenue	1	5,265	5,140
Expense	1	<u>(4,933)</u>	<u>(4,798)</u>
Surplus before income tax		332	342
Less income tax expense	2	<u>236</u>	<u>124</u>
Net surplus after income tax		<u><u>96</u></u>	<u><u>218</u></u>

The accompanying notes and policies form an integral part of these financial statements

SCANPOWER LIMITED - LINES BUSINESS
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEARS ENDED 31 MARCH

	Notes	2002 \$'000	2001 \$'000
EQUITY AT BEGINNING OF THE YEAR		<u>4,911</u>	<u>4,733</u>
SURPLUS AND REVALUATIONS			
Net surplus for the year		96	218
Revaluation of property, plant and equipment		<u>18</u>	<u>0</u>
Total recognised revenues and expenses for the year		<u>114</u>	<u>218</u>
OTHER MOVEMENTS			
Distribution to owners	3	<u>0</u>	<u>40</u>
EQUITY AT THE END OF THE YEAR		<u><u>5,025</u></u>	<u><u>4,911</u></u>

The accompanying notes and policies form an integral part of these financial statements

SCANPOWER LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH

	Notes	2002 \$'000	2001 \$'000
EQUITY			
7,500,000 Ordinary shares of \$1 fully paid		7,500	7,500
Retained earnings	3	(2,521)	(2,617)
Reserves	3	46	28
Shareholders' Equity		<u>5,025</u>	<u>4,911</u>
REPRESENTED BY:			
CURRENT ASSETS			
Cash and bank balances		100	14
Short term deposits	6	884	595
Receivables and prepayments	4	422	248
Inventories	5	92	101
Total Current Assets		<u>1,498</u>	<u>958</u>
NON CURRENT ASSETS			
Deferred taxation	2	59	148
Capital works in progress		95	66
Property, plant and equipment	7	4,353	4,296
Total Non-Current Assets		<u>4,507</u>	<u>4,510</u>
TOTAL ASSETS		<u>6,005</u>	<u>5,468</u>
CURRENT LIABILITIES			
Accounts payable	8	802	448
Proposed dividend		0	40
Employee entitlements		21	29
Tax provision		109	12
Total Current Liabilities		<u>932</u>	<u>529</u>
NON CURRENT LIABILITIES			
Employee entitlements		48	28
Total Non - Current Liabilities		<u>48</u>	<u>28</u>
TOTAL LIABILITIES		<u>980</u>	<u>557</u>
NET ASSETS		<u>5,025</u>	<u>4,911</u>

For and on behalf of the Board



DIRECTOR

August 30, 2002



GENERAL MANAGER

SCANPOWER LIMITED - LINES BUSINESS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 MARCH

	Notes	2002 \$'000	2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers		4,665	3,416
Interest received		88	35
		<u>4,753</u>	<u>3,451</u>
<i>Cash was applied to:</i>			
Payments to employees and suppliers		3,993	2,357
Taxes paid		50	274
Interest paid		1	6
		<u>4,044</u>	<u>2,637</u>
Net cash inflows from operating activities	9	<u>709</u>	<u>814</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from disposal of property, plant and equipment		0	8
		<u>0</u>	<u>8</u>
<i>Cash was applied to:</i>			
Purchase and construction of property, plant and equipment		294	282
		<u>294</u>	<u>282</u>
Net cash inflows from investment activities		<u>(294)</u>	<u>(274)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from borrowings		0	0
		<u>0</u>	<u>0</u>
<i>Cash was applied to:</i>			
Loans repaid		0	0
Dividends paid		40	45
		<u>40</u>	<u>45</u>
Net cash outflows from financing activities		<u>(40)</u>	<u>(45)</u>
NET INCREASE / (DECREASE) IN CASH HELD		375	495
Opening Cash Brought Forward		<u>609</u>	<u>114</u>
CASH AT END OF THE YEAR		<u><u>984</u></u>	<u><u>609</u></u>
REPRESENTED BY:			
Cash and bank balances		100	14
Short term deposits		884	595
		<u><u>984</u></u>	<u><u>609</u></u>

The accompanying notes and policies form an integral part of these financial statements

SCANPOWER LIMITED - LINES BUSINESS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2002

SCANPOWER Limited ("**SCANPOWER**") 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 Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity(Information Disclosure) Amendment Regulations 2000 and 2001. 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. The business operates in and around the Southern 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

SCANPOWER has generally followed the guidelines in the Electricity Information Disclosure Handbook issued by the Energy Markets Policy Group of the Ministry of Economic Development.

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.

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out 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.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A deferred tax asset, is recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be utilised.

Goods and Services Tax (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables which include GST invoiced.

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.

Investments

All investments are stated at cost.

STATEMENT OF ACCOUNTING POLICIES (Continued)**Property, Plant and Equipment**

All property, plant and equipment assets are initially recorded at cost. Freehold land and buildings are subsequently revalued to fair values with regard to highest and best use by an independent valuer. Assets within these classes are revalued on a cyclical basis. The revaluations are conducted on a systematic basis so that each individual asset is revalued every three years.

The most recent valuation was again conducted by an independent registered valuer, I R Mollison ANZIV, of the firm Ian Mollison & Associates on 31 March 2002.

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 (in years)**Distribution assets:**

- Circuit breakers	- 40
- Substations	- 40
- Transformers	- 55
- Ripple controls	- 20
- UHF links	- 15
- Overhead lines	- 45 to 60
- Underground lines	- 45
- Community lighting	- 15

Freehold buildings & fixtures - 10 to 50

Motor vehicles - 6 to 10

Plant and equipment - 10

Computer equipment - 3 to 5

Employee Entitlements

Employee entitlements to salaries and wages, annual leave, long service leave and other benefits are accrued annually on an actual entitlement basis.

Leases

SCANPOWER leases a forklift and a photocopier. Under the terms of the lease, all the risks and benefits of ownership effectively remain with the lessors. Lease payments are recognised as an expense in the periods the amounts are payable and a full disclosure of future commitments is provided in note 11.

Financial Instruments

Financial instruments carried on 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 except for loans, which are recorded at cost. 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:

- (a) Operating activities include all transactions and other events that are not investing or financing activities.
- (b) 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.
- (c) 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. Dividends paid in relation to the capital structure are included in financing activities.

2500 NEW ZEALAND GAZETTE
(d) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

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STATEMENT OF ACCOUNTING POLICIES (Continued)

Changes in Accounting Policies

Dividends declared by Directors by a resolution after balance date have previously been treated as a liability at balance date. Financial Reporting Standard 5, which is now mandatory, prohibits this. Accordingly, the dividend declared by Directors on 28 May 2002 is disclosed as a post balance date event in Note 17. The implementation of this new policy has had the effect of increasing equity by \$75 thousand and decreasing provision for dividend by the same amount.

The Company has changed its accounting policy for the valuation of land and buildings in order to comply with FRS-3, Property, Plant and Equipment. This standard came into effect for periods ending on or after 31 March 2002. It requires the Company to revalue its land and buildings at fair value which has been determined by reference to the highest and best use of those assets. The previous policy had been to determine the fair value of those items by reference to their existing use. There is no financial effect on these financial statements resulting from this change.

There have been no other changes in accounting policies and all policies have been applied on a basis consistent with those of the previous year.

SCANPOWER LIMITED - LINES BUSINESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MARCH

	2002	2001
	\$'000	\$'000
Note 1: (i) OPERATING REVENUE		
Network line rentals	4887	4805
AC loss-rental rebates	289	218
Interest income	89	117
Total revenue	5,265	5,140
(ii) OPERATING EXPENSES		
Audit fees	27	32
Auditors fees for other services	7	4
Fees paid to other auditors	11	0
Bad debts written off	0	0
Depreciation:		
Distribution assets:		
Circuit breakers	10	10
Substations	3	4
Transformers	11	17
Ripple controls	27	15
UHF links	2	1
Overhead lines	142	195
Underground lines	18	17
Community lighting	1	1
Freehold buildings & fixtures	1	3
Motor vehicles	9	7
Plant and equipment	39	39
Computer equipment	3	4
Total Depreciation	266	313
Directors remuneration & expenses	74	72
Change in provision for doubtful debts	0	0
Interest paid	1	6
Loss on sale of assets	0	7
Network discounts	1600	1632
Cost of sales & operating expenses	2947	2732
	4,933	4,798

A re-assessment of useful economic lives of network assets has resulted in a \$60 thousand reduction in the depreciation charge for the year.

Note 2: Taxation		
Taxation Reconciliation		
Accounting net operating surplus before taxation	332	342
Taxation at 33%	110	113
Plus tax effect of:		
Permanent differences	4	8
Prior year adjustment	0	3
Deferred tax adjustment	122	0
Tax expense / (Benefit)	236	124
Income tax charge for the year comprises:		
Current taxation (liability)	147	(4)
Deferred taxation	89	128
	236	124

NOTES TO THE FINANCIAL STATEMENTS

	2002 \$'000	2001 \$'000
Note 2: Taxation (continued)		
Deferred Tax Asset / (Liability):		
Opening balance	148	191
Prior period adjustment	0	(17)
Current year movement	(89)	(26)
Closing balance	<u>59</u>	<u>148</u>
Imputation Credit Account:		
Opening balance	495	243
Tax paid during the year	50	274
Tax refunds during the year	0	0
Resident withholding tax paid	0	0
Credits attached to dividends paid	(19)	(22)
Closing balance at end of the year	<u>526</u>	<u>495</u>
Note 3: Retained Earnings & Reserves		
Retained Earnings		
Balance at beginning of the year	(2,617)	(2,795)
Net surplus for the year	96	218
Dividends paid and proposed	0	(40)
Balance at end of the year	<u>(2,521)</u>	<u>(2,617)</u>
Reserves		
Asset revaluation reserves:		
Freehold land	14	0
Freehold buildings & fixtures	32	28
Balance at end of the year	<u>46</u>	<u>28</u>
Note 4: Receivable and prepayments		
Trading debtors	391	169
Estimated doubtful receivables	0	0
GST clearing account	23	57
Miscellaneous prepayments	7	22
Accruals	1	0
	<u>422</u>	<u>248</u>
The Company incurs credit risk from transactions with trade receivables and financial institutions in the normal course of its business.		
The Company has a credit policy which restricts the exposure to individual trade receivables and the Board of Directors reviews exposure to trade receivables on a regular basis. Where there is a significant concentration of credit risk, the exposure is minimised by provisions in use of systems agreements between the parties. Amounts owed by trade receivables are unsecured.		
Note 5: Inventories		
Network stocks	92	101
	<u>92</u>	<u>101</u>

Certain inventories are subject to restriction of title, including Romalpa Clauses.

NOTES TO THE FINANCIAL STATEMENTS

	2002 \$'000	2001 \$'000
Note 6: Investments		
(i) CURRENT		
Short term deposits held with registered banks	884	595
	<u>884</u>	<u>595</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 its credit exposure.		
(ii) INTEREST RATES		
The range of interest rates on investments were:		
Short term bank investments	2.75 - 5.75%	6.25 - 6.61%
Note 7: Property, plant and equipment		
Distribution assets		
At cost	9,185	8,919
Accumulated depreciation	(5,138)	(4,928)
Total carrying amount of distribution assets	<u>4,047</u>	<u>3,991</u>
Freehold land		
At valuation - 31 March 2002	26	0
Total carrying amount of freehold land	<u>26</u>	<u>0</u>
Freehold buildings & fixtures		
At valuation - 31 March 2002	63	60
At cost	0	0
Accumulated depreciation	0	(2)
Total carrying amount of freehold buildings	<u>63</u>	<u>58</u>
Motor vehicles		
At cost	59	59
Accumulated depreciation	(29)	(20)
Total carrying amount of motor vehicles	<u>30</u>	<u>39</u>
Plant and equipment		
At cost	500	498
Accumulated depreciation	(317)	(294)
Total carrying amount of plant and equipment	<u>183</u>	<u>204</u>
Computer equipment		
At cost	42	39
Accumulated depreciation	(38)	(35)
Total carrying amount of computer equipment	<u>4</u>	<u>4</u>
Total property, plant and equipment		
At valuation - 31 March 2002	89	60
At cost	9,786	9,514
Accumulated depreciation	(5,522)	(5,279)
Total carrying amount of property, plant and equipment	<u>4,353</u>	<u>4,296</u>

NOTES TO THE FINANCIAL STATEMENTS

	2002 \$'000	2001 \$'000
Note 8: Accounts Payable		
GST clearing account	0	0
Trade creditors	569	317
Other creditors & accruals	233	131
	<u>802</u>	<u>448</u>
Note 9: Reconciliation of CashFlow with Operating Surplus		
Reported surplus after taxation	96	218
Add Non Cash Items		
Depreciation	266	313
Change in deferred tax provision	89	43
Changes in Working Capital		
Increase/(decrease) in accounts payable & accruals	354	124
(Increase)/decrease in accounts receivable	(174)	229
(Increase)/decrease in inventories	9	(9)
Increase/(decrease) in employee entitlements	12	(4)
Increase/(decrease) in provision for taxation	97	(102)
Increase/(decrease) in provision for dividend	(40)	(5)
Items Classified as Investing Activities		
Net (surplus)/loss on disposal of property, plant and equipment	0	7
Net Cashflow from Operating Activities	<u>709</u>	<u>814</u>
Note 10: Wind Generation Project		
SCANPOWER Limited has a 10% interest in The Wind Farm Company which holds a resource management consent to erect and operate wind turbines near Woodville.		
Note 11: Analysis of non-cancellable operating lease commitments		
Payable not later than one year	10	0
Payable later than one year, not later than two years	10	0
Payable later than two years, not later than five years	18	0
Payable later than five years	0	0
	<u>38</u>	<u>0</u>
Note 12: Environmental Policy		
SCANPOWER endeavours to adhere to a sustainable use policy with a minimum of environmental disturbance and desecration. To date, SCANPOWER is unaware of any of its projects or operations that would not meet the above policy nor any environmental regulations currently in existence in New Zealand.		
Note 13: Capital Commitments and Contingent Liabilities		
As at 31 March 2002 the company did not have any capital commitments or contingent liabilities (2001 also Nil).		
Note 14: Segment Information		
SCANPOWER sold its energy retailing business on 30 November 1998 and now operates in one industry which is the management of a distribution network and is entirely within New Zealand.		

NOTES TO THE FINANCIAL STATEMENTS

	2002	2001
	\$'000	\$000

Note 15: Related Party Information

SCANPOWER Limited Customer Trust owns, through its nominees, all of the issued capital of SCANPOWER Limited.

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

The legal firm, Lloyd Dodson and Pringle in which M Dodson was involved, provided services to SCANPOWER to the value of \$7,072. The amount outstanding at balance date was \$283 (2001 \$2,576).

All transactions with other related parties are also made under normal terms and conditions of supply and sale. No related party debts were forgiven or written off during the year.

Contestable contracting services in asset construction and maintenance were provided by SCANPOWER's contracting division at cost, including overheads, and as detailed, respectively, here and in Note 18.12b below.

Subtransmission assets	0	0
Zone substations	0	0
Distribution lines and cables	0	0
Medium voltage switchgear	0	0
Distribution transformers	0	0
Distribution substations	0	0
Low voltage lines and cables	355	346
Other system fixed assets	0	0

The comparative figure for "Low voltage lines and cables" above has been adjusted from 86 to 346 to properly reflect the inadvertent exclusion of maintenance costs in the financial statements for the year ended 31 March 2001.

An imputed rental of \$16,436 is included in Note 18.12b (vii) as being paid to the "Other" business.

Note 16: Financial Instruments

SCANPOWER 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 approximated by the carrying amount disclosed in the Statement of Financial Position.

Concentrations of credit risk with respect to receivables in the Company's core activity are managed by adequate safeguards in the Use of Systems agreements entered into with energy retailers. The large customer base of the other activities ensures little concentration of risk. No other form of security or collateral is required to support financial instruments with credit risk.

The interest rates on the company's deposits are presented in note 6.

Note 17: Significant Events after Balance Date

A dividend of \$75,000 payable to the only shareholder, The SCANPOWER Customer Trust was declared after balance date. The Company is not aware of any other post balance date events which would have a significant effect on the business activities of the Company.

Note 18: Electricity (Information Disclosure) Regulations 1999 (Schedule 1 Part 2) requirements:

1	Current Assets		
a	Cash and bank balances	100	14
b	Short-term investments	884	595
c	Inventories	92	101
d	Accounts receivable	391	169
e	Other current assets not listed in (a) to (d)	31	79
f	Total current assets	1,498	958

NOTES TO THE FINANCIAL STATEMENTS

		2002 \$'000	2001 \$000
2	Fixed Assets		
a	System fixed assets	4,047	3,991
b	Consumer billing and information system assets	4	4
c	Motor vehicles	30	39
d	Office equipment	32	39
e	Land and buildings	89	58
f	Capital works under construction	95	66
g	Other fixed assets not listed in (a) to (f)	151	165
h	Total fixed assets	4,448	4,362
3	Other tangible assets not listed above	59	148
4	Total tangible assets	6,005	5,468
5	Intangibles		
a	Goodwill	0	0
b	Other intangibles not listed in (a) above	0	0
c	Total intangibles	0	0
6	Total assets	6,005	5,468
7	Current liabilities		
a	Bank overdraft	0	0
b	Short-term borrowings	0	0
c	Payables and accruals	802	448
d	Provision for dividends payable	0	40
e	Provision for income tax	109	12
f	Other current liabilities not listed in (a) to (e) above	21	29
g	Total current liabilities	932	529
8	Non-current liabilities		
a	Payables and accruals	0	0
b	Borrowings	0	0
c	Deferred tax	0	0
d	Other non-current liabilities not listed in (a) to (c) above	48	28
e	Total non-current liabilities	48	28
9	Equity		
a	Shareholders' equity		
(i)	Share capital	7,500	7,500
(ii)	Retained earnings	(2,521)	(2,617)
(iii)	Reserves	46	28
(iv)	Total shareholders' equity	5,025	4,911
b	Minority interests in subsidiaries	0	0
c	Total equity	5,025	4,911
d	Capital notes	0	0
e	Total capital funds	5,025	4,911
10	Total equity and liabilities	6,005	5,468
11	Operating revenue		
a	Revenue from line/access charges	4,887	4,805
b	Revenue from "Other" business for services carried out by the line business (transfer payment)	0	0
c	Interest on cash, bank balances and short term investments:	89	117
d	AC loss-rental rebates	289	218
e	Other revenue not listed in (a) to (d)	0	0
f	Total operating revenue	5,265	5,140

NOTES TO THE FINANCIAL STATEMENTS

		2002 \$'000	2001 \$000
12	Operating expenditure		
a	Payment for transmission charges	1,715	1654
b	Transfer payments to the "Other" business for:		
	(i) Asset maintenance	355	346
	(ii) Consumer disconnection/reconnection services	0	0
	(iii) Meter data	0	6
	(iv) Consumer-based load control services	6	6
	(v) Royalty and patent expenses	0	0
	(vi) Avoided transmission charges on account of own generation	0	0
	(vii) Other goods and services not listed in (i) to (vi) above	16	16
	(viii) Total transfer payment to the "Other" business	<u>377</u>	<u>374</u>
c	Expense to entities that are not related parties for		
	(i) Asset maintenance	0	0
	(ii) Consumer disconnection/reconnection services	0	0
	(iii) Meter data	14	7
	(iv) Consumer-based load control services	59	0
	(v) Royalty and patent expenses	0	0
	(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	<u>73</u>	<u>7</u>
d	Employee salaries, wages and redundancies	299	244
e	Consumer billing and information system expense	13	15
f	Depreciation on:		
	(i) System fixed assets	214	262
	(ii) Other assets not listed in (i)	52	51
	(iii) Total depreciation	<u>266</u>	<u>313</u>
g	Amortisation of:		
	(i) Goodwill	0	0
	(ii) Other intangibles	0	0
	(iii) Total amortisation of intangibles	<u>0</u>	<u>0</u>
h	Corporate and administration	417	403
i	Human resource expenses	16	10
j	Marketing/advertising	31	26
k	Merger and acquisition expenses	0	0
l	Takeover defence expenses	0	0
m	Research and development expenses	0	0
n	Consultancy and legal expenses	0	0
o	Donations	0	0
p	Directors' fees	74	72
q	Auditors' fees		
	(i) Audit fees paid to principal auditors	27	32
	(ii) Audit fees paid to other auditors	11	0
	(iii) Fees paid for other services provided by principal and other auditors	7	4
	(iv) Total auditors' fees	<u>45</u>	<u>36</u>
r	Costs of offering credit		
	(i) Bad debts written off	0	0
	(ii) Increase in estimated doubtful debts	0	0
	(iii) Total cost of offering credit	<u>0</u>	<u>0</u>
s	Local authority rates expense	6	6
t	AC loss-rentals (distribution to retailers/customers) expense	0	0
u	Rebates to consumers due to ownership interest	1,600	1,632
v	Subvention payments	0	0
w	Unusual expenses	0	0
x	Other expenditure not listed in (a) to (w)	<u>0</u>	<u>0</u>
13	Total operating expenditure	<u>4,932</u>	<u>4,792</u>
14	Operating surplus before interest and income tax	<u>333</u>	<u>348</u>

NOTES TO THE FINANCIAL STATEMENTS

		2002 \$'000	2001 \$000
15	Interest expense		
a	Interest expense on borrowings	0	0
b	Financing charges related to finance leases	0	0
c	Other interest expense not listed in (a) or (b)	1	6
d	Total interest expense	<u>1</u>	<u>6</u>
16	Operating surplus before income tax	<u>332</u>	<u>342</u>
17	Income tax	236	124
18	Net surplus after tax	<u><u>96</u></u>	<u><u>218</u></u>

SCANPOWER LIMITED - LINES BUSINESS
PERFORMANCE INDICATORS
FOR THE YEARS ENDED 31 MARCH

Regulation		2002	2001	2000	1999	1998
15	FINANCIAL PERFORMANCE MEASURES					
	Accounting Return on Total Assets	-na-	-na-	-na-	-na-	-0.45%
	Accounting Return on Equity	-na-	-na-	-na-	-na-	-0.66%
	Accounting Rate of Profit	-na-	-na-	-na-	-na-	-0.61%
15 a	Return on Funds	-0.60%	0.01%	-1.49%	-1.25%	-na-
15 b	Return on Equity	-1.46%	-0.07%	-1.57%	-1.00%	-na-
15 c	Return on Investment	-1.79%	-0.54%	-2.36%	-1.37%	-na-
15	EFFICIENCY PERFORMANCE INDICATORS					
15 a	Direct Line Costs per Kilometre	\$ 1,057	\$ 884	\$ 849	\$ 1,091	\$ 959
15 b	Indirect Line Costs per Customer	\$ 65	\$ 80	\$ 66	\$ 67	\$ 63
	As in previous years, the network discount (2001/02 - \$1,600,296, 2000/01 - \$1,632,081) has been excluded from both numerators of these indicators.					
20	OPTIMISED DEPRIVAL VALUATION					
	The Optimised Deprival Valuation of the Lines Business Fixed Assets as at 31 March 2001 was \$15,870,948.					
21.1	ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES					
21 a	Load Factor	67.80%	67.95%	67.40%	67.00%	62.00%
21 b	Loss Ratio	6.80%	7.60%	8.10%	8.80%	7.28%
21 c	Capacity Utilisation	26.80%	28.00%	26.40%	25.28%	27.55%
21.2	STATISTICS					
21 a	System Length					
	11 KV	758	764	764	763	766
	400 V	114	232	231	231	231
	Total	872	996	995	994	997
21 b	Circuit Length of Overhead System					
	11 KV	758	764	764	763	766
	400 V	74	192	194	195	196
	Total	832	956	958	958	962
21 c	Circuit Length of Underground System					
	400 V	40	40	37	36	35
	Total	40	40	37	36	35
21 d	Transformer Capacity	55,627	52,560	54,597	54,507	54,317
21 e	Maximum Demand KW	14,902	14,740	14,406	13,778	14,967
21 f	Total Electricity Supplied into Systems (before losses) Kwhr	88,472,013	81,083,211	79,097,162	74,980,152	75,285,058
21 g	Electricity on behalf of other entities (after losses) Kwhr					
	Retailer 1	67,938,098	81,973,906	78,633,123	-	-
	Retailer 2	7,889,162	2,997,789	267,903	-	-
	Retailer 3	4,156,761	865,645	196,136	41,778	-
	Retailer 4	1,964,022	389,188			
	Retailer 5	418,294	46,769			
	Retailer 6	90,095	256			
	Retailer 7	-	1,456,853			
	Total	82,456,432	87,730,406	79,097,162		
21 h	Total Customers (average for year)	6,615	6,707	6,675	6,626	6,700
22	Number of Faults per 100 circuit kilometre overhead					
7 & 5a	11 KV	8.58	9.42	6.28	13	10
7 & 5a	Total	8.58	9.42	6.28	13	10
4a	Number of Faults greater than or equal to 3 hours	3 (4.6%)	15 (21%)	8 (17%)	19 (19.4%)	
4b	Number of Faults greater than or equal to 24 hours	0 (0%)	0 (0%)	0 (0%)	1 (1%)	

SCANPOWER LIMITED
PERFORMANCE INDICATORS (contd.)
FOR THE YEARS ENDED 31 MARCH

Regulation	Total Interruptions 2002								
	CLASS	A	B	C	D	E	F	G	TOTAL
	SAIDI	56.12	60.03	32.21	17.00	0.00	0.00	0.00	165.36
	SAIFI	0.234	0.458	0.669	0.570	0.00	0.00	0.00	1.931
	CAIDI	239.83	131.07	48.15	29.82	0.00	0.00	0.00	85.63
	INTERRUPTIONS	1.00	102.00	65.00	1.00	0.00	0.00	0.00	169.00

22	Total Interruptions 2001								
	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	0.00	40.87	29.34	0.00	0.00	0.00	0.00	70.21
12 & 15	SAIFI	0.00	0.31	0.55	0.00	0.00	0.00	0.00	0.86
16 & 19	CAIDI	0.00	133.13	53.14	0.00	0.00	0.00	0.00	81.73
1	INTERRUPTIONS	0.00	118.00	72.00	0.00	0.00	0.00	0.00	188.00

Regulation 22	Total Interruptions 2000								
	CLASS	A	B	C	D	E	F	G	TOTAL
	8 & 11 SAIDI	56.38	47.50	18.64	0.00	0.00	0.00	0.00	122.52
	12 & 15 SAIFI	0.24	0.35	0.32	0.00	0.00	0.00	0.00	0.90
	16 & 19 CAIDI	239.91	137.68	58.43	0.00	0.00	0.00	0.00	136.28
	1 INTERRUPTIONS	1.00	105.00	48.00	0.00	0.00	0.00	0.00	154.00

Regulation		Total Interruptions 1999								
22		CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11		SAIDI	0.00	62.12	42.70	11.20	0.00	0.00	0.00	116.02
12 & 15		SAIFI	0.00	0.49	0.76	0.18	0.00	0.00	0.00	1.43
16 & 19		CAIDI	0.00	126.80	56.00	62.20	0.00	0.00	0.00	81.13
1		INTERRUPTIONS	0.00	151.00	98.00	1.00	0.00	0.00	0.00	250.00

22	Total Interruptions 1998								
	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	49.00	44.37	64.80	78.00	0.00	0.00	0.00	236.17
12 & 15	SAIFI	0.23	0.28	0.63	0.80	0.00	0.00	0.00	1.94
16 & 19	CAIDI	209.00	160.00	103.00	97.50	0.00	0.00	0.00	121.64
1	INTERRUPTIONS	1.00	106.00	74.00	2.00	0.00	0.00	0.00	183.00

22		CLASS	TARGET	AVERAGE	TARGET	AVERAGE
		YEAR	2003	2003-2007	2002	2002-2006
9a & 10a		SAIDI B	75	75	75	75
9b & 10b		SAIDI C	75	75	75	75
13a & 14b		SAIFI B	0.8	0.8	0.8	0.8
13b & 14b		SAIFI C	1	1	1	1
17a & 18a		CAIDI B	93.75	93.75	93.75	93.75
17b & 18b		CAIDI C	75	75	75	75
2a & 3a		No. of Interruptions B	100	100	150	150
2b & 3b		No. of Interruptions C	100	100	150	150
5b-d		No. of faults/100km 11Kv	10	10	12	12
6		N/A No 11kv U/G				

SCANPOWER LIMITED - LINES BUSINESS
FINANCIAL PERFORMANCE MEASURES - Derivation Table (Part 7)
FOR THE YEAR ENDED 31 MARCH 2002

(in thousands where applicable)

	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	333							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	333							
Interest on cash, bank balances, and short-term investments (ISTI)	89							
OSBIT minus ISTI	244	a	244				244	
Net surplus after tax from financial statements	96							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	96	n			96			
Amortisation of goodwill and amortisation of other intangibles	0	g		add	0		add	0
Subvention payment	0	s		add	0		add	0
Depreciation of SFA at BV (x)	214							
Depreciation of SFA at ODV (y)	553							
ODV depreciation adjustment	(339)	d	(339)	add	(339)		add	(339)
Subvention payment tax adjustment	0	st		deduct	0		deduct	0
Interest tax shield	(29)	q					deduct	(29)
Revaluations	18	r					add	18
Income tax	236	p					deduct	236
Numerator			(95) $OSBIT^{ROF} = a + g + s + d$		(243) $NSAT^{ROE} = n + g + s + d$			(284) $OSBIT^{ROI} = a + g + q + r + s + d + p + st$
Fixed assets at end of previous financial year (FA ₀)	4,362							
Fixed assets at end of current financial year (FA ₁)	4,448							
Adjusted net working capital at end of previous financial year (ANWC ₀)	(129)							
Adjusted net working capital at end of current financial year (ANWC ₁)	(310)							
Average total funds employed (ATFE)	4,186	c	4,186					4,186
Total equity at end of previous financial year (TE ₀)	4,911							
Total equity at end of current financial year (TE ₁)	5,025							
Average total equity	4,968	k			4,968			
WUC at end of previous financial year (WUC ₀)	66							
WUC at end of current financial year (WUC ₁)	95							
Average total works under construction	81	e	81	deduct	81		deduct	81

SCANPOWER LIMITED - LINES BUSINESS
ANNUAL VALUATION RECONCILIATION REPORT - (Part 8)
FOR THE YEAR ENDED 31 MARCH 2002

	2002 \$000	2001 \$000
System fixed assets at ODV at end of previous financial year	15,871	15,154
ADD system fixed assets acquired during the year at ODV ¹	395	786
LESS system fixed assets disposed of during the year at ODV	18	219
LESS depreciation on system fixed assets at ODV	553	491
ADD revaluation of system fixed assets	111	641
EQUALS system fixed assets at ODV at end of the financial year	<hr/> 15,806	<hr/> 15,871

¹ The value of system fixed assets acquired during the financial year includes capitalised expenditure on replacement and refurbishment of system fixed assets.



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

We have examined the information on pages 16 and 18 to 20 being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulations 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 ScanPower Limited and dated 31 March 2002 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.

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

30 August 2002