



# New Zealand Gazette

OF THURSDAY, 20 SEPTEMBER 2001

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WELLINGTON: FRIDAY, 21 SEPTEMBER 2001 — ISSUE NO. 129

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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

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

I, Diane Wilkinson of, Dannevirke,  
being a Director of SCANPOWER LIMITED, solemnly and sincerely declare that having  
made all reasonable enquiry, 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 Declaration) 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 17<sup>th</sup> day of September 2001



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 2001.



Peter Clayton  
August 2001



Di Wilkinson  
August 2001



**REPORT OF THE AUDIT OFFICE**  
**TO THE READERS OF THE FINANCIAL STATEMENTS OF**  
**SCAN POWER LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2001**

We have audited the financial statements of Scan Power Limited on pages 1 to 4 and 7 to 15. The financial statements provide information about the past financial performance of Scan Power Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages 7 to 8.

**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 Scan Power Limited as at 31 March 2001, and results of operations and cash flows for the year then ended.

**Auditor's responsibilities**

It is the responsibility of the Audit Office to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Controller and 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 Scan Power Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including 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 Controller and Auditor-General, we have no relationship with or interests in Scan Power Limited.

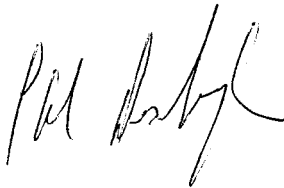
**Unqualified opinion**

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

In our opinion:

- ▲ proper accounting records have been kept by Scan Power Limited as far as appears from our examination of those records *and*
- ▲ the financial statements on pages 1 to 4 and 7 to 15.
  - comply with generally accepted accounting practice *and*
  - give a true and fair view of the financial position of Scan Power Limited as at 31 March 2001 and the results of its operations and cash flows for the year ended on that date; *and*
  - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 17 September 2001 and our unqualified opinion is expressed as at that date.



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

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

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	Notes	2001 \$000	2000 \$000
Revenue	1	5,140	5,008
Expense	1	(4,798)	(4,752)
<b>Operating surplus before income tax</b>		<u>342</u>	<u>256</u>
Less income tax expense	2	124	141
<b>Net surplus after income tax</b>		<u><u>218</u></u>	<u><u>115</u></u>

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

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

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	Notes	2001 \$000	2000 \$000
<b>EQUITY AT BEGINNING OF THE YEAR</b>		4,733	8,386
Adjustment to equity	3	<u>0</u>	<u>(3,723)</u>
<b>AMENDED EQUITY AT BEGINNING OF THE YEAR</b>		4,733	4,663
 <b>SURPLUS AND REVALUATIONS</b>			
Net surplus for the year		218	115
<b>Total recognised revenues and expenses for the year</b>		<u>218</u>	<u>115</u>
 <b>OTHER MOVEMENTS</b>			
Distribution to owners	3	<u>(40)</u>	<u>(45)</u>
<b>EQUITY AT THE END OF THE YEAR</b>		<u><u>4,911</u></u>	<u><u>4,733</u></u>

An adjustment was also made through equity in 2000 to account for the movements using the avoidable cost methodology.

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

	Notes	2001 \$000	2000 \$000
<b>EQUITY</b>			
Share capital		7,500	7,500
Retained earnings	3	(2,617)	(2,795)
Reserves	3	28	28
<b>Shareholders' Equity</b>		<u>4,911</u>	<u>4,733</u>
<b>REPRESENTED BY:</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		14	4
Investments	6	595	110
Receivables and prepayments	4	248	477
Inventories	5	101	92
<b>Total Current Assets</b>		<u>958</u>	<u>683</u>
<b>NON CURRENT ASSETS</b>			
Deferred taxation	2	148	191
Investments	6	0	0
Capital works in progress		66	67
Fixed assets	8	4,296	4,337
<b>Total Non-Current Assets</b>		<u>4,510</u>	<u>4,595</u>
<b>TOTAL ASSETS</b>		<u>5,468</u>	<u>5,278</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	7	448	325
Proposed dividend		40	45
Employee entitlements		29	33
Tax provision		12	114
<b>Total Current Liabilities</b>		<u>529</u>	<u>517</u>
<b>NON CURRENT LIABILITIES</b>			
Employee entitlements		28	28
<b>Total Non-Current Liabilities</b>		<u>28</u>	<u>28</u>
<b>TOTAL LIABILITIES</b>		<u>557</u>	<u>545</u>
<b>NET ASSETS</b>		<u>4,911</u>	<u>4,733</u>

For and on behalf of the Board on 17 September 2001

DIRECTOR



  
GENERAL MANAGER



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

	Notes	2001 \$000	2000 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b><i>Cash was provided from:</i></b>			
Receipts from customers		3,416	3,097
Interest received		35	43
		<u>3,451</u>	<u>3,140</u>
<b><i>Cash was applied to:</i></b>			
Payments to employees and suppliers		2,357	2,691
Taxation paid		274	0
Interest paid		6	0
		<u>2,637</u>	<u>2,691</u>
<b>Net cash inflows from operating activities</b>	9	<u>814</u>	<u>449</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b><i>Cash was provided from:</i></b>			
Proceeds from sale of fixed assets		8	0
		<u>8</u>	<u>0</u>
<b><i>Cash was applied to:</i></b>			
Purchase and construction of assets		282	336
		<u>282</u>	<u>336</u>
<b>Net cash inflows from investment activities</b>		<u>(274)</u>	<u>(336)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b><i>Cash was applied to:</i></b>			
Dividends paid		45	20
		<u>45</u>	<u>20</u>
<b>Net cash outflows from financing activities</b>		<u>(45)</u>	<u>(20)</u>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>		495	93
<b>Opening Cash Brought Forward</b>		114	1,304
<b>Less Investments transferred to "OTHER" business</b>		0	(1,283)
<b>CASH AT END OF THE YEAR</b>		<u><u>609</u></u>	<u><u>114</u></u>
<b>REPRESENTED BY:</b>			
Cash and bank balances		14	4
Investments		595	110
		<u><u>609</u></u>	<u><u>114</u></u>

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

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

Regulation		2001	2000	1999	1998	1997
<b>15</b>	<b>FINANCIAL PERFORMANCE MEASURES</b>					
	Accounting Return on Total Assets	-na-	-na-	-na-	-0.45%	-0.12%
	Accounting Return on Equity	-na-	-na-	-na-	-0.66%	-0.71%
	Accounting Rate of Profit	-na-	-na-	-na-	-0.61%	-0.70%
15 a	Return on Funds	0.01%	-1.49	-1.25%	-na-	-na-
15 b	Return on Equity	-0.07%	-1.57	-1.00%	-na-	-na-
15 c	Return on Investment	-0.54%	-2.36	-1.37%	-na-	-na-
<b>15</b>	<b>EFFICIENCY PERFORMANCE INDICATORS</b>					
15 a	Direct Line Costs per Kilometre	\$884	\$849	\$1,091	\$959	\$899
15 b	Indirect Line Costs per Customer	\$80	\$66	\$67	\$63	\$68
	As in previous years, the network discount (2000/01 - \$1,632,081, 1999/00 - \$1,547,978,) has been excluded from both numerators of these indicators.					
<b>20</b>	<b>OPTIMISED DEPRIVAL VALUATION</b>					
	The Optimised Deprival Valuation of the Lines Business Fixed Assets as at 31 March 2001 was \$15,870,948.					
<b>21.1</b>	<b>ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES</b>					
21 a	Load Factor	68%	67.40%	67.00%	62.00%	66.50%
21 b	Loss Ratio	7.60%	8.10%	8.80%	7.28%	7.34%
21 c	Capacity Utilisation	28.00%	26.40%	25.28%	27.55%	26.32%
<b>21.2</b>	<b>STATISTICS</b>					
21 a	System Length					
	11 KV	764	764	763	766	765
	400 V	<u>232</u>	<u>231</u>	<u>231</u>	<u>231</u>	<u>230</u>
	Total	996	995	994	997	995
21 b	Circuit Length of Overhead System					
	11 KV	764	764	763	766	765
	400 V	<u>192</u>	<u>194</u>	<u>195</u>	<u>196</u>	<u>197</u>
	Total	956	958	958	962	962
21 c	Circuit Length of Underground System					
	400 V	<u>40</u>	<u>37</u>	<u>36</u>	<u>35</u>	<u>33</u>
	Total	40	37	36	35	33
21 d	Transformer Capacity	52,560	54,597	54,507	54,317	53,157
21 e	Maximum Demand KW	14,740	14,406	13,778	14,967	13,971
21 f	Total Electricity Supplied from Systems (Sales) Kwhr	81,083,211	79,097,162	74,980,152	75,285,058	75,584,065
21 g	Electricity on behalf of other entities (includes losses)					
	Retailer 1	81,973,906	78,633,123	-	-	-
	Retailer 2	2,997,789	267,903	-	-	-
	Retailer 3	865,645	196,136	41,778	-	-
	Retailer 4	389,188				
	Retailer 5	46,769				
	Retailer 6	256				
	Retailer 7	1,456,853				
21 h	Total Customers (average for year)	6707	6,675	6,626	6,700	6,700
<b>22</b>	<b>Number of Faults per 100 circuit kilometre overhead</b>					
7 & 5a	11 KV	9.42	6.28	13	10	15
7 & 5a	Total	9.42	6.28	13	10	15
4a	Number of Faults greater than or equal to 3 hours	15 (21%)	8 (17%)	19 (19.4%)		
4b	Number of Faults greater than or equal to 24 hours	0 (0%)	0 (0%)	1 (1%)		

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

**Regulation**  
**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	116.00	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**  
**22**

**Total Interruptions 1999**

	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**

**Total Interruptions 1997**

	CLASS	A	B	C	D	E	F	G	TOTAL
8 & 11	SAIDI	28.00	74.68	50.58	18.55	0.00	0.00	0.00	171.81
12 & 15	SAIFI	0.23	0.60	0.55	0.32	0.00	0.00	0.00	1.70
16 & 19	CAIDI	121.74	124.99	91.70	57.25	0.00	0.00	0.00	100.87
1	INTERRUPTIONS	1.00	99.00	113.00	2.00	0.00	0.00	0.00	215.00

**22**

CLASS	TARGET	AVERAGE	TARGET	AVERAGE
YEAR	2002	2002-2006	2001	2001-2005
9a & 10a	SAIDI B	75	75	75
9b & 10b	SAIDI C	75	75	75
13a & 14b	SAIFI B	0.8	0.8	0.8
13b & 14b	SAIFI C	1	1	1
17a & 18a	CAIDI B	93.75	93.75	160
17b & 18b	CAIDI C	75	75	110
2a & 3a	No. of Interruptions B	150	150	150
2b & 3b	No. of Interruptions C	150	150	150
5b-d	No. of faults/100km 11Kv	12	12	12

N/A No 11kv U/G

**SCANPOWER LIMITED - LINES BUSINESS**  
**STATEMENT OF ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 MARCH 2001**

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. The financial statements comprise separate Statements of Financial Position, Financial Performance, Cash Flows and Movements in Equity for the Line and Other Businesses as required by the Regulations. These businesses operate in and around the Southern Hawkes 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 fixed 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 basis of historical cost with the exception of certain items for which specific accounting policies are identified.

**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.

**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 and dividends received.

**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 debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

**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.

**Employee Entitlements**

Provision is made in respect of the Company's liability for annual, long-service and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay, whilst the other provisions have been calculated on an actuarial basis at current rates of pay.

**STATEMENT OF ACCOUNTING POLICIES (Continued)****Fixed Assets**

All fixed assets are initially recorded at cost. Freehold land and buildings are subsequently revalued to net current value by an independent valuer. Fixed 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.

**Depreciation**

Depreciation of fixed assets, 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.

Major depreciation periods are:

Buildings	- 50 years
Computer Equipment	- 3 to 5 years
Distribution System	- 33 to 35 years
Motor Vehicles	- 6 to 10 years
Plant and Equipment	- 10 years

**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 value and, where appropriate, particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The company does not normally require deposits from customers except where there has previously been non-payment of outstanding accounts. No other form of security or collateral is required to support financial instruments with credit risk.

**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.
- (d) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

**Changes in Accounting Policies**

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

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

	<b>2001</b>	<b>2000</b>
	<b>\$000</b>	<b>\$000</b>
<b>Note 1: (I) OPERATING REVENUE</b>		
Network line rentals	4,805	4,747
AC loss-rental rebates	218	158
Interest income	117	103
<b>Total revenue</b>	<b>5,140</b>	<b>5,008</b>
<b>(II) OPERATING EXPENSES</b>		
Audit fees	32	27
Auditors fees for other services	4	4
Fees to other auditors	0	1
Bad debts written off	0	0
Depreciation	313	308
Directors remuneration & expenses	72	72
Interest paid	6	0
Loss/ (gain) on sale of assets	7	4
Network holiday credits	1,632	1,548
Cost of sales & operating expenses	2,732	2,788
	<b>4,798</b>	<b>4,752</b>
<b>Note 2: Taxation Reconciliation</b>		
Accounting net operating surplus before taxation	342	256
Taxation at 33%	113	85
Plus tax effect of:		
Non deductible expenditure	0	0
Permanent differences	8	8
Prior year adjustment	3	48
<b>Income tax charge for the year</b>	<b>124</b>	<b>141</b>
<b>Income tax charge for the year comprises:</b>		
Current taxation	(4)	0
Deferred taxation	128	141
	<b>124</b>	<b>141</b>
<b>Deferred Tax Asset / (Liability):</b>		
Opening balance	191	253
Prior period adjustment	(17)	237
Current year movement	(26)	(11)
Tax losses	0	(288)
Closing balance	<b>148</b>	<b>191</b>
<b>Imputation Credit Account:</b>		
Opening balance	243	253
Tax paid during the year	274	0
Credits attached to dividends paid	(22)	(10)
Closing balance	<b>495</b>	<b>243</b>
<b>Note 3: Retained Earnings &amp; Reserves</b>		
<b>Retained Earnings</b>		
Balance at beginning of the year	(2,795)	223
Net surplus for the year	218	115
Adjustment to equity	0	(3,723)
Transfer from revaluation reserves	0	450
Share premium reserve account closed	0	185
Dividends paid and proposed	(40)	(45)
<b>Balance at end of the year</b>	<b>(2,617)</b>	<b>(2,795)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2001</b>	<b>2000</b>
	<b>\$000</b>	<b>\$000</b>
<b>Note 3: Retained Earnings &amp; Reserves (continued)</b>		
<b>Reserves</b>		
Share premium reserve	0	0
Asset revaluation reserve	28	28
<b>Balance at end of the year</b>	<u>28</u>	<u>28</u>

An adjustment was also made through equity in 2000 to account for the movements using the avoidable cost methodology.

**Note 4: Receivables and prepayments**

Trading debtors	169	443
Estimated doubtful receivables	0	0
GST clearing account	57	16
Miscellaneous prepayments	22	18
Accruals	0	0
	<u>248</u>	<u>477</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	101	92
	<u>101</u>	<u>92</u>

**Note 6: Investments****(I) CURRENT**

Short term deposits held with registered banks	595	110
	<u>595</u>	<u>110</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) NON CURRENT**

Unlisted securities	0	0
Listed securities	0	0
	<u>0</u>	<u>0</u>

**(III) FAIR AND MARKET VALUE INFORMATION**

Listed securities	0	0
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The market value is based on prices quoted on the stock exchange at balance date.

The fair values of the other investments are not materially different from their carrying amounts.

**(III) INTEREST RATES**

The range of interest rates on investments were:

Short term bank investments	6.25 - 6.61%	0.50 - 5.45%
-----------------------------	--------------	--------------

**Note 7: Accounts Payable**

GST clearing account	0	0
Trade creditors	317	288
Other creditors & accruals	131	37
	<u>448</u>	<u>325</u>

## NOTES TO THE FINANCIAL STATEMENTS

	2001 \$000	2000 \$000
<b>Note 8: Fixed Assets</b>		
<b>Distribution assets</b>		
At cost	8,919	8,687
Accumulated depreciation	(4,928)	(4,670)
Total carrying amount of distribution assets	<u>3,991</u>	<u>4,017</u>
<b>Freehold land</b>		
At valuation - 31 March 1999	0	0
Total carrying amount of freehold land	<u>0</u>	<u>0</u>
<b>Freehold buildings</b>		
At valuation - 31 March 1999	60	60
At cost	0	0
Accumulated depreciation	(2)	(1)
Total carrying amount of freehold buildings	<u>58</u>	<u>59</u>
<b>Motor vehicles</b>		
At cost	59	64
Accumulated depreciation	(20)	(40)
Total carrying amount of motor vehicles	<u>39</u>	<u>24</u>
<b>Plant and equipment</b>		
At cost	498	486
Accumulated depreciation	(294)	(256)
Total carrying amount of plant and equipment	<u>204</u>	<u>230</u>
<b>Consumer billing and information systems equipment</b>		
At cost	39	38
Accumulated depreciation	(35)	(31)
Total carrying amount of computer equipment	<u>4</u>	<u>7</u>
<b>Total Fixed Assets</b>	<u><u>4,296</u></u>	<u><u>4,337</u></u>

The fair value of the land and buildings is not materially different from their carrying amounts.

**Note 9: Reconciliation of CashFlow with Operating Surplus**

<b>Reported surplus after taxation</b>	218	115
<b>Add Non Cash Items</b>		
Depreciation	313	308
Change in deferred tax provision	43	62
<b>Changes In Working Capital</b>		
Increase/(decrease) in accounts payable & accruals	124	(86)
(Increase)/decrease in accounts receivable	229	(119)
(Increase)/decrease in inventory	(9)	(11)
Increase/(decrease) in employee entitlements	(4)	(4)
Increase/(decrease) in provision for taxation	(102)	100
Increase/(decrease) in provision for dividend	(5)	25
<b>Other</b>		
Net movements in other business *	0	55
<b>Items Classified as Investing Activities</b>		
Net (surplus)/loss on disposal of fixed assets	7	4
<b>Net Cashflow from Operating Activities</b>	<u><u>814</u></u>	<u><u>449</u></u>

\* Relates to other business items utilising the avoidable cost methodology



**NOTES TO THE FINANCIAL STATEMENTS**

	2001 \$000	2000 \$000
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**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: 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 12: Capital Commitments and Contingent Liabilities**

As at 31 March 2001, the company had no contingent liabilities (2000 also Nil).

SCANPOWER has not entered into any contracts to purchase or install equipment of a capital nature (2000-Nil)

**Note 13: Related Party Information**

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.

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 16.12b 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	86	165
Other system fixed assets	0	0

An imputed rental of \$16,436 is included in Note 16.12b (vii) as being paid to the "Other" business.

As at 31 March 2001, there were no outstanding balances for related parties other than those disclosed (2000 also Nil).

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.

**Note 14: Financial Instruments**

SCANPOWER has no off balance sheet financing (other than those disclosed in these notes), nor any foreign exchange exposure. All instruments are carried at fair value and take into account the company's maximum exposure to credit risk.

Concentrations of credit risk with respect to receivables are managed by adequate safeguards in the Use of Systems agreements entered into with energy retailers.

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

**Note 15: Significant Events after Balance Date**

The company is not aware of any post balance date events which would have a significant effect on the business activities of SCANPOWER.

## NOTES TO THE FINANCIAL STATEMENTS

Note 16: Electricity (Information Disclosure) Regulations 1999 (Schedule 1 Part 2) requirements:

		2001 \$000	2000 \$000
<b>1</b>	<b>Current Assets</b>		
a	Cash and bank balances	14	4
b	Short-term investments	595	110
c	Inventories	101	92
d	Accounts receivable	169	443
e	Other current assets not listed in (a) to (d)	79	34
	<b>Total current assets</b>	<b>958</b>	<b>683</b>
<b>2</b>	<b>Fixed Assets</b>		
a	System fixed assets	3,991	4,017
b	Consumer billing and information system assets	4	7
c	Motor vehicles	39	24
d	Office equipment	39	57
e	Land and buildings	58	59
f	Capital works under construction	66	67
g	Other fixed assets not listed in (a) to (f)	166	173
h	<b>Total fixed assets</b>	<b>4,362</b>	<b>4,404</b>
<b>3</b>	<b>Other tangible assets not listed above</b>	<b>148</b>	<b>191</b>
<b>4</b>	<b>Total tangible assets</b>	<b>5,468</b>	<b>5,278</b>
<b>5</b>	<b>Intangibles</b>		
a	Goodwill	0	0
b	Other intangibles not listed in (a) above	0	0
c	<b>Total intangibles</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b>Total assets</b>	<b>5,468</b>	<b>5,278</b>
<b>7</b>	<b>Current liabilities</b>		
a	Bank overdraft	0	0
b	Short-term borrowings	0	0
c	Payables and accruals	448	325
d	Provision for dividends payable	40	45
e	Provision for income tax	12	114
f	Other current liabilities not listed in (a) to (e) above	29	33
g	<b>Total current liabilities</b>	<b>529</b>	<b>517</b>
<b>8</b>	<b>Non-current liabilities</b>		
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	28	28
e	<b>Total non-current liabilities</b>	<b>28</b>	<b>28</b>
<b>9</b>	<b>Equity</b>		
a	Shareholders' equity		
(i)	Share capital	7,500	7,500
(ii)	Retained earnings	(2,617)	(2,795)
(iii)	Reserves	28	28
(iv)	<b>Total shareholders' equity</b>	<b>4,911</b>	<b>4,733</b>
b	Minority interests in subsidiaries	0	0
c	<b>Total equity</b>	<b>4,911</b>	<b>4,733</b>
d	Capital notes	0	0
e	<b>Total capital funds</b>	<b>4,911</b>	<b>4,733</b>
<b>10</b>	<b>Total equity and liabilities</b>	<b>5,468</b>	<b>5,278</b>

## NOTES TO THE FINANCIAL STATEMENTS

		2001 \$000	2000 \$000
11	<b>Operating revenue</b>		
a	Revenue from line/access charges	4,805	4,747
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:	117	103
d	AC loss-rental rebates	218	158
e	Other revenue not listed in (a) to (d)	0	(0)
f	<b>Total operating revenue</b>	<u>5,140</u>	<u>5,008</u>
12	<b>Operating expenditure</b>		
a	Payment for transmission charges	1,654	1,608
b	Transfer payments to the "Other" business for:		
(i)	Asset maintenance	346	568
(ii)	Consumer disconnection/reconnection services	0	0
(iii)	Meter data	6	5
(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)	<b>Total transfer payment to the "Other" business</b>	<u>374</u>	<u>595</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	7	4
(iv)	Consumer-based load control services	0	0
(v)	Royalty and patent expenses	0	0
(vi)	Total of specified expenses to non-related parties (sum of (i) to (v))	<u>7</u>	<u>4</u>
d	Employee salaries, wages and redundancies	244	217
e	Consumer billing and information system expense	15	17
f	Depreciation on:		
(i)	System fixed assets	262	253
(ii)	Other assets not listed in (i)	51	55
(iii)	<b>Total depreciation</b>	<u>313</u>	<u>308</u>
g	Amortisation of:		
(i)	Goodwill	0	0
(ii)	Other intangibles	0	0
(iii)	<b>Total amortisation of intangibles</b>	<u>0</u>	<u>0</u>
h	Corporate and administration	403	316
i	Human resource expenses	10	11
j	Marketing/advertising	26	16
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	1
o	Donations	0	0
p	Directors' fees	72	72
q	Auditors' fees:		
(i)	Audit fees paid to principal auditors	32	27
(ii)	Audit fees paid to other auditors	0	1
(iii)	Fees paid for other services provided by principal and other auditors	4	4
(iv)	<b>Total auditors' fees</b>	<u>36</u>	<u>32</u>
r	Costs of offering credit		
(i)	Bad debts written off	0	0
(ii)	Increase in estimated doubtful debts	0	0
(iii)	<b>Total cost of offering credit</b>	<u>0</u>	<u>0</u>
s	Local authority rates expense	6	7
t	AC loss-rentals (distribution to retailers/customers) expense	0	0

**NOTES TO THE FINANCIAL STATEMENTS**

		<b>2001</b>	<b>2000</b>
		<b>\$000</b>	<b>\$000</b>
u	Rebates to consumers due to ownership interest	1,632	1,548
v	Subvention payments	0	0
w	Unusual expenses	0	0
x	Other expenditure not listed in (a) to (w)	0	0
13	<b>Total operating expenditure</b>	<b>4,792</b>	<b>4,752</b>
14	<b>Operating surplus before interest and income tax</b>	<b>348</b>	<b>256</b>
15	<b>Interest expense</b>		
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)	6	0
d	<b>Total interest expense</b>	<b>6</b>	<b>0</b>
16	<b>Operating surplus before income tax</b>	<b>342</b>	<b>256</b>
17	<b>Income tax</b>	<b>124</b>	<b>141</b>
18	<b>Net surplus after tax</b>	<b>218</b>	<b>115</b>

**Note 17: Disclosure of financial statements**

The company failed to meet the reporting deadline of 31 August 2001 as required by the Electricity (Information Disclosure) Regulations 1999.

**SCANPOWER LIMITED - LINES BUSINESS**  
**FINANCIAL PERFORMANCE MEASURES - Derivation Table (Part 7)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

(in thousands where applicable)

	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	348							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	348							
Interest on cash, bank balances, and short-term investments (ISTI)	117							
OSBIT minus ISTI	231	a	231					231
Net surplus after tax from financial statements	218				218			
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	218	n						
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)	262							
Depreciation of SFA at ODV (y)	491							
ODV depreciation adjustment	(229)	d	(229)	add	(229)	add		(229)
Subvention payment tax adjustment	0	s <sup>t</sup>		deduct	0	deduct		0
Interest tax shield	(37)	q						-37
Revaluations	0	r						0
Income tax	124	p						124
Numerator			OSBIT <sup>ROF</sup> = a + g + s + d	2	NSAT <sup>ROE</sup> = n + g + s - s <sup>t</sup> + d	(11)	OSBIT <sup>ROI</sup> = a + g - q + r + s + d - p - s <sup>t</sup>	(85)
Fixed assets at end of previous financial year (FA <sub>0</sub> )	4,337							
Fixed assets at end of current financial year (FA <sub>1</sub> )	4,296							
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	211							
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	(129)							
Average total funds employed (ATFE)	4,357	c	4,357					4,357
Total equity at end of previous financial year (TE <sub>0</sub> )	4,733							
Total equity at end of current financial year (TE <sub>1</sub> )	4,911							
Average total equity	4,822	k						4,822
WUC at end of previous financial year (WUC <sub>0</sub> )	67							
WUC at end of current financial year (WUC <sub>1</sub> )	66							

## SCANPOWER LIMITED - LINES BUSINESS

## FINANCIAL PERFORMANCE MEASURES - Derivation Table (Part 7)

FOR THE YEAR ENDED 31 MARCH 2001

(in thousands where applicable)

	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Average total works under construction	67	e	deduct	67	deduct	67	deduct	67
Revaluations	0	r						
Half of revaluations	0	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	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 ( $SFA_{b00}$ )	4,017							
System fixed assets at end of current financial year at book value ( $SFA_{b01}$ )	3,991							
Average value of system fixed assets at book value	4,004	f	deduct	4,004	deduct	4,004	deduct	4,004
System Fixed assets at year beginning at ODV value ( $SFA_{od0}$ )	15,154							
System Fixed assets at end of current financial year at ODV value ( $SFA_{od01}$ )	15,871							
Average value of system fixed assets at ODV value	15,513	h	add	15,513	add	15,513	add	15,513
Denominator								
				15,799 $ATFE^{ODV} = c - e - f + h$		16,264 $Ave TE^{ODV} = k - e - m + v - f + h$		15,799 $ATFE^{ODV} = c - e - f + h$
Financial Performance Measure:				0.01 $ROF = OSBIT^{ODV}/ATFE^{ODV} \times 100$		(0.07) $ROE = NSAT^{ODV}/ATE^{ODV} \times 100$		(0.54) $ROI = OSBIT^{ODV}/ATFE^{ODV} \times 100$

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

**SCANPOWER LIMITED - LINES BUSINESS**  
**ANNUAL VALUATION RECONCILIATION REPORT - (Part 8)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

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	<b>2001</b>	<b>2000</b>
	<b>\$000</b>	<b>\$000</b>
<b>System fixed assets at ODV at end of previous financial year</b>	15,154	15,118
<b>ADD</b> system fixed assets acquired during the year at ODV <sup>1</sup>	786	205
<b>LESS</b> system fixed assets disposed of during the year at ODV	219	19
<b>LESS</b> depreciation on system fixed assets at ODV	491	645
<b>ADD</b> revaluation of system fixed assets	641	495
<b>System fixed assets at ODV at end of the financial year</b>	<u>15,871</u>	<u>15,154</u>

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



Audit New Zealand

**AUDIT OFFICE OPINION  
ON THE PERFORMANCE MEASURES OF  
SCANPOWER LIMITED**

We have examined the information on pages 5 and 16 to 18 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 Scan Power Limited and dated 31 March 2001 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiries, 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 Controller and Auditor-General  
Palmerston North, New Zealand

17 September 2001



**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, as amended by the Electricity (Information Disclosure) Amendment Regulations 2000, complies with the requirements of those regulations; and
- (b) the replacement cost of the line business system fixed assets of Scanpower is \$30,074,313 ; and
- (c) the depreciated replacement cost of the line business system fixed assets of Scanpower is \$15,959,923 ; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Scanpower is \$15,870,948 ; and
- (e) the optimised deprival valuation of the line business system fixed assets of Scanpower 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 2001.

  
Peter Clayton

Date

4/9/01

  
Di Wilkinson

Date

4/9/01



**PricewaterhouseCoopers**  
113-119 The Terrace  
PO Box 243  
Wellington, New Zealand  
Telephone +64 4 462 7000  
Facsimile +64 4 462 7001

### **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.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers  
Wellington  
16 August 2001