

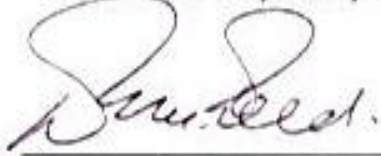
**Certification of Financial Statements, Performance Measures,  
and Statistics Disclosed by Line Owners other than Transpower.**

We, Diane Reed and Grant Kibby, Directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

- (a) The attached audited financial statements of Waipa Networks 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 Waipa Networks Limited, and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

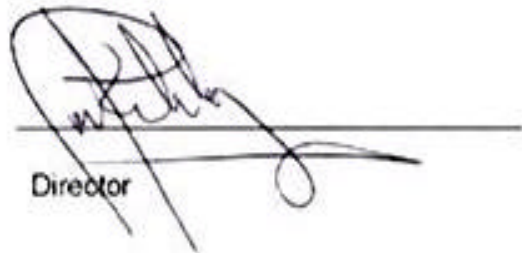
The valuations on which those financial performance measures are based as at 31 March 2001.

Dated this 12<sup>th</sup> day of July 2002.



A handwritten signature in black ink, appearing to read 'Diane Reed', written over a horizontal line.

Director



A handwritten signature in black ink, appearing to read 'Grant Kibby', written over a horizontal line.

Director

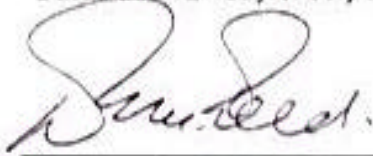
## Certification of Valuation Report of Line Owners

We, Diane Reed and Grant Kibby, Directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

- (a) The attached valuation report of Waipa Networks 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 Waipa Networks Limited is \$73,556,850; and
- (c) The depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$44,945,462; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$ 44,945,462; and
- (e) The optimised deprival valuation of the line business system fixed assets of Waipa Networks Limited is \$ 44,944,031; 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.

Dated this 12<sup>th</sup> day of July 2002.



A handwritten signature in cursive script, appearing to read 'Diane Reed', written over a horizontal line.

Director



A handwritten signature in cursive script, appearing to read 'Grant Kibby', written over a horizontal line.

Director

WAIPA NETWORKS LIMITED - LINES BUSINESS

**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 \$	2001 \$
REVENUE		11,867,272	11,391,342
LESS DISCOUNT		2,876,477	-
NET REVENUE		<u>8,990,795</u>	<u>11,391,342</u>
NET SURPLUS BEFORE TAX	2	1,000,829	3,452,819
LESS TAXATION EXPENSE	3	316,199	1,151,348
NET SURPLUS AFTER TAX		<u>684,630</u>	<u>2,301,471</u>

**STATEMENT OF MOVEMENTS IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2002

		2002 \$	2001 \$
EQUITY AS AT 1 APRIL 2001		<u>38,387,621</u>	<u>37,942,711</u>
NET SURPLUS FOR YEAR		684,630	2,301,471
REVALUATION OF ASSETS	5	1,149,917	-
TOTAL RECOGNISED REVENUE AND EXPENSES FOR THE YEAR		1,834,548	2,301,471
INTERIM DIVIDEND DECLARED	6	-	921,000
PROVISION FOR DIVIDEND	6	-	229,735
REPURCHASE OF SHARES	4 , 5	-	705,826
EQUITY AS AT 31 MARCH 2002		<u>40,222,169</u>	<u>38,387,621</u>

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2002

	Note	2002 \$	2001 \$
<b>EQUITY</b>			
Share capital	<b>4</b>	-	-
Reserves	<b>5</b>	34,862,235	33,712,318
Retained earnings	<b>6</b>	5,359,933	4,675,303
<b>TOTAL EQUITY</b>		<u>40,222,169</u>	<u>38,387,621</u>
 Represented By:			
<b>CURRENT ASSETS</b>			
Cash and Bank		2,146,057	1,095,938
Short term investments		-	-
Receivables and prepayments	<b>7</b>	1,205,791	1,126,093
Tax refund due		125,459	45,015
Inventories		<u>305,809</u>	<u>322,944</u>
		3,783,116	2,589,990
<b>CURRENT LIABILITIES</b>			
Creditors	<b>8</b>	2,189,208	679,377
Provision for dividend		-	<u>229,735</u>
		<u>2,189,208</u>	<u>909,112</u>
<b>NET CURRENT ASSETS</b>		1,593,908	1,680,878
<b>NON - CURRENT ASSETS</b>			
Fixed assets	<b>9</b>	46,647,035	44,721,268
<b>NON - CURRENT LIABILITIES</b>			
Employee entitlements		18,775	14,525
Term Liabilities	<b>10</b>	8,000,000	8,000,000
<b>NET ASSETS</b>		<u>40,222,168</u>	<u>38,387,621</u>

For and on behalf of the Board

D M Reed Director  
7 June 2002

G M Kibby Director  
7 June 2002

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 \$	2001 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from customers		7,869,486	10,540,535
Interest received		31,003	40,319
Net GST		-	3,111
		<u>7,900,489</u>	<u>10,583,965</u>
Cash was disbursed to:			
Payments to suppliers and employees		3,644,961	5,505,084
Interest Paid		796,000	796,000
Net GST		7,295	-
Taxes paid		396,643	1,197,677
		<u>4,844,899</u>	<u>7,498,761</u>
Net cash flows from operating activities	<b>15</b>	<u>3,055,590</u>	<u>3,085,204</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of assets		34,932	19,091
Decrease in investments		-	1,490,000
Capital Contributions		271,479	372,916
		<u>306,411</u>	<u>1,882,007</u>
Cash was applied to:			
Purchase of assets		2,082,147	1,167,210
Increase in investments		-	-
		<u>2,082,147</u>	<u>1,167,210</u>
Net cash flows from investing activities		<u>(1,775,736)</u>	<u>714,797</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Cash was applied to:			
Dividend / Share Repurchase		229,735	3,081,565
Net cash flows from financing activities		<u>(229,735)</u>	<u>(3,081,565)</u>
Net increase in cash held		1,050,120	718,436
Add opening cash brought forward		1,095,938	377,502
Ending cash carried forward		<u>2,146,058</u>	<u>1,095,938</u>
<b>CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION</b>			
Cash and Bank		<u>2,146,057</u>	<u>1,095,938</u>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2002

**1 STATEMENT OF ACCOUNTING POLICIES**

**General Accounting Policies**

Waipa Networks Limited is a company registered under the Companies Act 1993. The 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.

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements.

**Particular Accounting Policies**

The following particular accounting policies which materially affect the measurement of profit and the financial position have been applied:

**a) Network Charges**

Income from Network charges includes an estimated amount for accrued sales from meters unread as at 31 March 2002.

**b) Fixed Assets**

The Line Business has five classes of fixed assets as follows:

Freehold Land  
Freehold Buildings  
Reticulation Assets  
Motor Vehicles  
Plant, Furniture & Fittings

The Reticulation Assets were revalued on an optimised depreciated replacement cost basis by independent valuers on 1 April 2001 and subsequently will be revalued at least every 3 years. Additions to the Reticulation Assets since revaluation are stated at cost.

Assets constructed by the line business are capitalised at direct cost plus a proportion of indirect overheads.

All other fixed assets are recorded at cost less accumulated depreciation.

**c) Capital Contributions**

Contributions towards the cost of additions to the Reticulation Assets are recognised as income when received.

**d) Depreciation**

Land is not depreciated. Depreciation has been provided on other fixed assets using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

Depreciation on assets purchased during the year has been charged on a monthly basis from month of purchase.

Buildings	3.0%
Reticulation Assets	2.5%
Motor Vehicles	20.0%
Computers Equipment & Software	20.0%
Plant, Furniture & Fittings	10.0%

**e) Receivables**

Receivables are stated at their estimated realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

**f) Income Tax**

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method, and is accounted for using the partial basis.

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.

**g) Inventories**

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

**h) Financial Instruments**

The Line Business includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, receivables, creditors and investments. Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

**i) Employee entitlements**

Provision is made in respect of the Line Businesses liability for annual leave, long service leave and retirement gratuities. Where the qualifying criteria has been met these have been calculated on an actual entitlement basis at current rates of pay. Further provision has been made for long service and retirement gratuities where the qualifying criteria has not yet been met, bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until the 31 March 2002.

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies. All policies have been consistently applied during the year.

	<b>2002</b>	<b>2001</b>
	\$	\$
<b>2 NET SURPLUS BEFORE TAXATION</b>		
After Charging:		
Direct Expenditure	1,448,878	1,387,316
Audit fees for these financial statements	5,302	6,690
Audit fees for Company financial statements	26,090	23,651
Directors' fees	97,696	91,601
Electricity Reform Costs	42,155	4,435
Other Indirect expenditure	922,402	960,340
Depreciation	1,271,755	1,268,068
Net Gain on Disposal of Assets	(12,128)	(9,644)
Interest Paid	796,000	796,000
After Crediting:		
Interest Received	31,508	33,525



WAIPA NETWORKS LIMITED - LINES BUSINESS

	2002 \$	2001 \$
<b>3 TAXATION</b>		
Net surplus before taxation	<u>1,000,829</u>	<u>3,452,819</u>
Prima facie taxation at 33%	330,274	1,139,430
Plus Tax effect of permanent differences	379,481	367,576
Less Tax effect of timing differences not Recognised	<u>(393,556)</u>	<u>(355,658)</u>
Total Taxation Expense	<u><u>316,199</u></u>	<u><u>1,151,348</u></u>
The Taxation charge comprises:		
- current taxation	316,199	1,151,348
- deferred taxation	<u>-</u>	<u>-</u>
	<u><u>316,199</u></u>	<u><u>1,151,348</u></u>

A deferred tax liability of \$3,373,039 (2001 \$3,064,972), has not been recognised. This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

Imputation credit memorandum account.

Balance at the beginning of the year	933,750	906,213
Dividends Allocated	(113,153)	(1,170,140)
Taxation paid	396,643	1,197,677
Balance at end of year	<u><u>1,217,240</u></u>	<u><u>933,750</u></u>

**4 SHARE CAPITAL**

Balance at beginning of year	-	-
Shares Repurchased	-	-
Balance at end of year	<u><u>-</u></u>	<u><u>-</u></u>

At 31 March 2001 the line business has 6,800,000 issued shares. During the year the line business has repurchased and cancelled a total of 1,200,000 shares at a total cost of \$8,705,826, \$8,000,000 of this was paid in 2000.

All shares carry equal voting rights and share in any surplus on winding up of the company equally. None of the shares carry fixed dividend rights.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2002	2001
	\$	\$
<b>5 RESERVES</b>		
<b>Capitalisation of Assets Reserve</b>		
Balance at beginning of year	-	705,826
Shares Repurchased	-	705,826
Balance at end of year	<u>-</u>	<u>-</u>
<b>Revaluation of Assets Reserve</b>		
Balance at beginning of year	33,712,318	33,712,318
Asset Revaluation Reticulation	1,149,917	-
Balance at end of year	<u>34,862,235</u>	<u>33,712,318</u>
Total Reserves	<u>34,862,235</u>	<u>33,712,318</u>
<b>6 RETAINED EARNINGS</b>		
Balance at beginning of year	4,675,303	3,524,567
Net Surplus after Taxation	684,630	2,301,471
Interim Dividend	-	921,000
Proposed final Dividend	-	229,735
Balance at end of year	<u>5,359,933</u>	<u>4,675,303</u>
<b>7 RECEIVABLES</b>		
Trade debtors	1,189,101	1,103,327
Accrued Interest Income	505	-
Prepayments	16,185	22,766
	<u>1,205,791</u>	<u>1,126,093</u>

WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
<b>8 CREDITORS</b>		
Accounts payable and accruals - trade	2,122,551	614,633
Employee entitlements	66,293	64,744
Payables to Directors	364	-
	<u>2,189,208</u>	<u>679,377</u>
<b>9 FIXED ASSETS</b>		
<b>Freehold Land</b>		
Cost	1,610	1,610
<b>Freehold Buildings</b>		
Cost	867,012	815,860
Accumulated Depreciation	<u>159,497</u>	<u>151,010</u>
Net Book Value	707,515	664,850
<b>Reticulation Assets</b>		
Cost - additions since 1 April 2001	1,918,384	3,020,033
Valuation	<u>44,944,031</u>	<u>43,011,008</u>
	46,862,415	46,031,041
Accumulated Depreciation at cost	25,324	86,377
Accumulated Depreciation at valuation	<u>1,123,601</u>	<u>2,150,550</u>
Net Book Value	45,713,490	43,794,114
<b>Motor Vehicles</b>		
Cost	152,036	150,825
Accumulated Depreciation	<u>87,045</u>	<u>88,719</u>
Net Book Value	64,991	62,106
<b>Plant, Furniture and Fittings</b>		
Cost	1,026,719	1,571,987
Accumulated Depreciation	<u>867,290</u>	<u>1,373,399</u>
Net Book Value	159,429	198,588
Total Net Book Value	<u>46,647,035</u>	<u>44,721,268</u>

The Reticulation Assets were revalued by E W Graham, B.E. (Elect), F.I.P.E.N.Z. and PriceWaterhouseCoopers on 1 April 2001 to a value of \$44,944,031 on a optimised depreciated replacement cost basis.

The fair value of Land and Buildings is assessed at \$700,000 based on a valuation by Quotable Value New Zealand as at 1 September 1999 for GV purposes.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
<b>10 TERM LIABILITIES</b>		
Inter-business Loan - Other Business (9.95%)	8,000,000	8,000,000
Repayable between 2 and 5 years		

**11 FINANCIAL INSTRUMENTS**

Credit Risk

In the normal course of its business, Waipa Networks incurs credit risk from trade receivables from customers. Waipa Networks largest customer accounts for 87% (2001 81%) of total sales and 72% (2001 80%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and Waipa Networks generally does not require any collateral.

Waipa Networks places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board of Directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

Currency Risk

Waipa Networks has no exposure to currency risk.

Interest Rate Risk

Waipa Networks has no significant exposure to interest rate risk as its term loan has fixed interest rates. The interest rate on the term loan is disclosed in note 10.

Fair Value

The estimated fair value of Waipa Networks financial instruments at 31 March 2002 are stated in the Statement of Financial Position.

**12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

There are no contingent liabilities as at 31 March 2002 (2001 Nil);

There are no commitments for future capital expenditure as at 31 March 2002 (2001 Nil).

**13 SEGMENTAL REPORTING**

Waipa Networks operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand, and are therefore within one geographical segment for reporting purposes.

**14 RELATED PARTIES**

At balance date, the Waipa Networks Trust held 100 per cent of the shares in Waipa Networks Limited

All related party transactions in the accounts of Waipa Networks have been conducted on a commercial and arms length basis.

The contracting department of Waipa Networks has provided the following services at cost, including overheads, for the year ended 31 March 2002

	<b>2002</b>	<b>2001</b>
Construction of distribution lines & cables	388,666	403,006
Construction of medium voltage switchgear	117,794	75,559
Construction of distribution transformers	441,513	287,668
Construction of distribution substations	81,366	20,211
Construction of low voltage lines and cables	76,964	22,981
Construction of other system fixed assets	279,922	351,644
Maintenance of assets	826,352	888,748
Consumer connections and reconnections	5,569	6,307
Other services	43,419	45,178

The following transactions occurred between the line business and other business.

Interest paid to Other	796,000	796,000
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The line business has a loan from the other business refer note 10.

The amount outstanding at balance date was \$8,000,000 (2001 \$8,000,000).

At year end there were no other outstanding balances for related parties (2001 Nil).

No related party debt has been written off or forgiven during 2002 or 2001.

No provision has been made in the accounts for payment of a final dividend to the Waipa Networks Trust. (2001 \$229,735). No Interim dividends have been paid (2001 \$921,000).

During the 2001 year the line business has repurchased and cancelled a total of 1,200,000 shares at a total cost of \$8,705,826, \$8,000,000 of this was paid in 2000.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
<b>15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Reported Net Surplus after tax	684,630	2,301,471
Add (Less) Non Cash Items:		
Depreciation	1,271,755	1,268,068
Increase (Decrease) in Non-current Liabilities Leave Provisions	4,250	(1,447)
	<u>1,960,635</u>	<u>3,568,092</u>
Add (Less) Movements in Working Capital Items		
Increase in Tax Receivable	(80,444)	(46,329)
Decrease (Increase) in Receivables	(79,698)	103,768
Decrease (Increase) in Inventories	17,135	(80,957)
Decrease (Increase) in Accounts Payable	1,508,282	(6,861)
Increase (Decrease) in Leave Provisions	1,549	(4,026)
	<u>1,366,824</u>	<u>(34,405)</u>
	3,327,459	3,533,687
Add (Less) Items Classified as Investing Activities		
Net Loss (Gain) on Disposal of Assets	(12,128)	(9,644)
Increase (Decrease) in Creditors for Fixed Assets	11,738	(65,923)
Capital Contributions	(271,479)	(372,916)
	<u>(271,869)</u>	<u>(448,483)</u>
Net Cash Inflows from Operating Activities	<u><u>3,055,590</u></u>	<u><u>3,085,204</u></u>
 <b>16 ODV RECONCILIATION REPORT</b>		
System fixed assets at ODV at beginning of year	44,944,031	42,919,522
Add system fixed assets acquired during the year at ODV	1,971,952	1,300,382
Less system fixed assets disposed of during the year at ODV	29,962	8,250
Less depreciation system fixed assets at ODV	1,413,775	1,395,437
Add revaluations of system fixed assets	-	2,127,814
System fixed assets at ODV at end of year	<u><u>45,472,246</u></u>	<u><u>44,944,031</u></u>

WAIPA NETWORKS LIMITED - LINES BUSINESS

- 17 Disclosure of Information to be Disclosed in 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.

	2002 \$	2001 \$
<b>Statement of Financial Position Disclosure (Schedule 1, Part 2)</b>		
<b>1 Current Assets</b>		
(a) Cash and Bank balances	2,146,057	1,095,938
(b) Short-term investments	-	-
(c) Inventories	305,809	322,944
(d) Accounts receivable	1,189,101	1,103,327
(e) Other current assets not listed in (a) to (d)	142,149	67,781
(f) Total current assets	3,783,116	2,589,990
<b>2 Fixed Assets</b>		
(a) System fixed assets	45,713,490	43,794,114
(b) Customer billing and information system assets	91,575	132,458
(c) Motor vehicles	64,991	62,106
(d) Office Equipment	67,854	66,130
(e) Land & Buildings	709,125	666,460
(f) Capital works under construction	-	-
(g) Other fixed assets not listed in (a) to (f)	-	-
(h) Total fixed assets	46,647,035	44,721,268
<b>3 Other tangible assets not listed above</b>	-	-
<b>4 Total tangible assets</b>	50,430,151	47,311,258
<b>5 Intangible assets</b>		
(a) Goodwill	-	-
(b) Other intangible not listed in (a)	-	-
(c) Total intangible assets	-	-
<b>6 Total Assets</b>	50,430,151	47,311,258
<b>7 Current Liabilities</b>		
(a) Bank Overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	2,189,208	679,377
(d) Provision for dividend payable	-	229,735
(e) Provision for income tax	-	-
(f) Other Current Liabilities not listed in (a) to (e)	-	-
(g) Total Current Liabilities	2,189,208	909,112
<b>8 Non-current liabilities</b>		
(a) Payables and accruals	18,775	14,525
(b) Borrowings	8,000,000	8,000,000
(c) Deferred tax	-	-
(d) Other Non-current Liabilities not listed in (a) to (c)	-	-
(e) Total Non-current Liabilities	8,018,775	8,014,525

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2002	2001
	\$	\$
<b>9 Equity</b>		
(a) Shareholders' equity		
(i) Share Capital	-	-
(ii) Retained Earnings	5,359,933	4,675,303
(iii) Reserves	34,862,235	33,712,318
(iv) Total Shareholders' equity	40,222,169	38,387,621
(b) Minority interests in subsidiaries	-	-
(c) Total Equity	40,222,169	38,387,621
(d) Capital notes	-	-
(e) Total capital funds	40,222,169	38,387,621
<b>10 Total equity and liabilities</b>	<b>50,430,152</b>	<b>47,311,258</b>

**Statement of Financial Performance Disclosure (Schedule 1, Part 2)**

<b>11 Operating revenue</b>		
(a) Revenue from line/access charges	7,955,260	10,449,345
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Income from interest on bank & short-term investments	31,508	33,525
(d) AC loss-rental rebates	732,548	535,556
(e) Other operating revenue not listed in (a) to (d)	271,479	372,916
(f) Total operating revenue	8,990,795	11,391,342
<b>12 Operating expenditure</b>		
(a) Transmission Charges	3,391,816	3,410,065
(b) Transfer payments to "Other " business		
(i) Asset maintenance	826,352	888,748
(ii) Consumer disconnections and reconnections	5,569	6,307
(iii) Meter data	-	-
(iv) Consumer-based load control	43,419	45,178
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges for own generation	-	-
(vii) Other goods & services not listed in (i) to (vi) above	-	-
(viii) Total transfer payment to the "Other" business	875,340	940,233
(c) Payments to non-related entities		
(i) Asset maintenance	214,977	149,927
(ii) Consumer disconnections and reconnections	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control	-	-
(v) Royalty and patent expenses	-	-
(vi) Total of specified expenses to non-related parties	214,977	149,927
(d) Employee salaries, wages and redundancies	719,315	658,438
(e) Consumer billing and information system expense	43,484	47,354
(f) Depreciation on		
(i) System fixed assets	1,149,942	1,113,867
(ii) Other assets not listed in (i)	121,813	154,201
(iii) Total depreciation expense	1,271,755	1,268,068



WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
(g) Amortisation of		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	179,006	172,166
(i) Human resource expenses	44,505	49,240
(j) Marketing and advertising	83,526	80,649
(k) Merger and acquisition expenses	-	-
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	55,028	103,628
(o) Donations	-	-
(p) Directors fees	97,696	91,601
(q) Audit fees		
(i) Audit fees paid to principal auditors	31,392	30,341
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by auditors	-	-
(iv) Total auditors fees	31,392	30,341
(r) Costs of offering credit		
(i) Bad debts written off	-	-
(ii) Increase in estimated doubtful debts	-	-
(iii) Total costs of offering credit	-	-
(s) Local authority rates	3,970	3,859
(t) AC loss-rental (distribution of) expense	-	-
(u) Rebates to customers due to ownership interest	-	-
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	182,156	136,954
<b>13 Total operating expenditure</b>	<b>7,193,966</b>	<b>7,142,523</b>
<b>14 Operating surplus before interest and income tax</b>	<b>1,796,829</b>	<b>4,248,819</b>
<b>15 Interest</b>		
(a) Interest expense on borrowings	796,000	796,000
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total interest expense	796,000	796,000
<b>16 Operating surplus before income tax</b>	<b>1,000,829</b>	<b>3,452,819</b>
<b>17 Income Tax</b>	<b>316,199</b>	<b>1,151,348</b>
<b>18 Net surplus after tax</b>	<b>684,630</b>	<b>2,301,471</b>