


**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 1998.

Dated this 6th day of July 2000.



D M Reed Director



G M Kibby 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 \$68,553,117; and
- (c) The depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$44,862,156; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$ 43,011,008; and
- (e) The optimised deprival valuation of the line business system fixed assets of Waipa Networks Limited is \$ 43,011,008; 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 1998.

Dated this 6th day of July 2000.



D M Reed Director



G M Kibby Director

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 \$	1999 \$
REVENUE		<u>10,888,863</u>	<u>10,079,490</u>
NET SURPLUS BEFORE TAX	2	3,374,695	3,963,366
LESS TAXATION EXPENSE	3	1,162,955	961,933
NET SURPLUS AFTER TAX		<u>2,211,740</u>	<u>3,001,433</u>

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2000

		2000 \$	1999 \$
EQUITY AS AT 1 APRIL 1999		<u>45,942,710</u>	<u>44,983,193</u>
NET SURPLUS FOR YEAR		2,211,740	3,001,433
REVALUATION OF ASSETS	5	-	884,582
TOTAL RECOGNISED REVENUE AND EXPENSES FOR THE YEAR		2,211,740	3,886,015
INTERIM DIVIDEND DECLARED	6	757,000	460,000
PROVISION FOR DIVIDEND	6	1,454,739	1,466,498
DISTRIBUTION TO OWNERS FOR INVESTING ACTIVITIES	5	-	1,000,000
CAPITAL DISTRIBUTION	4	8,000,000	-
EQUITY AS AT 31 MARCH 2000		<u>37,942,711</u>	<u>45,942,710</u>

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF FINANCIAL POSITION

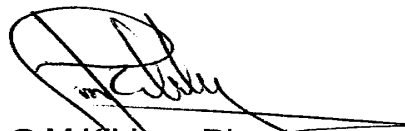
AS AT 31 MARCH 2000

	Note	2000 \$	1999 \$
EQUITY			
Share capital	4	-	8,000,000
Reserves	5	34,418,144	34,418,144
Retained earnings	6	3,524,567	3,524,566
TOTAL EQUITY		<u>37,942,711</u>	<u>45,942,710</u>
 Represented By:			
CURRENT ASSETS			
Cash and Bank		377,502	16,362
Short term investments		1,490,000	1,350,000
Receivables and prepayments	7	1,229,861	1,377,374
Tax refund due		-	223,263
Inventories		<u>241,987</u>	<u>229,883</u>
		3,339,350	3,196,882
CURRENT LIABILITIES			
Creditors	8	690,264	551,686
Provision for dividend		1,454,739	1,466,498
Taxation payable		<u>1,314</u>	<u>-</u>
		<u>2,146,317</u>	<u>2,018,184</u>
NET CURRENT ASSETS		1,193,033	1,178,698
NON - CURRENT ASSETS			
Fixed assets	9	44,765,650	44,764,012
NON - CURRENT LIABILITIES			
Employee entitlements		15,972	-
Term Liabilities	10	8,000,000	-
NET ASSETS		<u>37,942,711</u>	<u>45,942,710</u>

For and on behalf of the Board



D M Reed Director
6 July 2000



G M Kirby Director
6 July 2000

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 \$	1999 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		10,553,078	9,102,445
Interest received		59,990	51,212
Net GST		7,674	45,075
		<u>10,620,742</u>	<u>9,198,732</u>
Cash was disbursed to:			
Payments to suppliers and employees		5,785,913	7,314,138
Interest Paid		224,625	-
Taxes paid		938,378	1,132,403
		<u>6,948,916</u>	<u>8,446,541</u>
Net cash flows from operating activities	15	<u>3,671,826</u>	<u>752,191</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of assets		1,789	2,189,837
Capital Contributions		267,700	229,257
		<u>269,489</u>	<u>2,419,094</u>
Cash was applied to:			
Purchase of assets		1,216,677	817,375
Increase in investments		140,000	315,000
		<u>1,356,677</u>	<u>1,132,375</u>
Net cash flows from investing activities		<u>(1,087,188)</u>	<u>1,286,719</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided from:			
Increase in term liabilities		8,000,000	-
Cash was applied to:			
Dividend / Capital Distribution		10,223,498	2,050,764
Net cash flows from financing activities		<u>(2,223,498)</u>	<u>(2,050,764)</u>
Net increase in cash held		361,140	(11,854)
Add opening cash brought forward		16,362	28,216
Ending cash carried forward		<u>377,502</u>	<u>16,362</u>
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION			
Cash and Bank		<u>377,502</u>	<u>16,362</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 2000

1 STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

Waipa Networks Limited (Formerly Waipa Power Limited to the 30 June 1999) 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 2000.

b) Fixed Assets

The Company 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 1998 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 company 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.

WAIPA NETWORKS LIMITED - LINES BUSINESS

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 Company 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.

WAIPA NETWORKS LIMITED - LINES BUSINESS

i) Employee entitlements

Provision is made in respect of the companies 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 2000.

CHANGES IN ACCOUNTING POLICIES

This is the first year the company has recognised a provision for long service and retirement gratuities where the qualifying criteria has not been met but where there is likelihood of payment in the future. Previously no account was taken of the future liabilities. The recognition of this future liability has resulted in \$15,972 being recognised in the Statement of Financial Performance as an additional cost. In future years the movement in the provision will be brought into account.

The reticulation network is no longer accounted for on a renewals basis. The change has been made to comply with generally accepted accounting practice. The effect of the change in this years financial statements is an increase in depreciation of \$1,123,060 and a reduction in maintenance costs, and an increase in the cost of capitalised reticulation network assets of \$156,735.

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

	2000	1999
	\$	\$
2 NET SURPLUS BEFORE TAXATION		
After Charging:		
Direct Expenditure	1,586,594	1,212,783
Audit fees for these financial statements	6,600	4,612
Audit fees for Companies financial statements	23,897	25,089
Directors' fees	96,245	108,750
Change in Provision for Doubtful Debts	-	(10,406)
Other Indirect expenditure	895,310	1,174,253
Depreciation	1,289,783	149,658
Net Loss on Disposal of Assets	3,624	(9,178)
Interest Paid	224,625	-
After Crediting:		
Interest Received	63,900	53,663

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2000 \$	1999 \$
3 TAXATION		
Net surplus before taxation	<u>3,374,695</u>	<u>3,963,366</u>
Prima facie taxation at 33%	1,113,649	1,307,911
Plus Tax effect of permanent differences	370,610	-
Less Tax effect of timing differences not Recognised	<u>(321,304)</u>	<u>(345,978)</u>
Total Taxation Expense	<u><u>1,162,955</u></u>	<u><u>961,933</u></u>
The Taxation charge comprises:		
- current taxation	1,162,955	961,933
- deferred taxation	<u>-</u>	<u>-</u>
	<u><u>1,162,955</u></u>	<u><u>961,933</u></u>

A deferred tax liability of \$ 2,785,106 (1999 \$ 2,518,597), 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	1,062,991	448,128
Dividends Allocated	(1,095,156)	(517,540)
Taxation paid	938,378	1,132,403
Balance at end of year	<u><u>906,213</u></u>	<u><u>1,062,991</u></u>

4 SHARE CAPITAL

Balance at beginning of year	8,000,000	8,000,000
Capital Distribution	8,000,000	-
Balance at end of year	<u><u>-</u></u>	<u><u>8,000,000</u></u>

At 31 March 2000 the line business has issued 8,000,000 shares. The original paid-up capital has been returned to the shareholder in full.

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

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2000	1999
	\$	\$
5 RESERVES		
Capitalisation of Assets Reserve		
Balance at beginning of year	705,826	1,705,826
Transfer to Owners for Investing Activities	-	1,000,000
Balance at end of year	<u>705,826</u>	<u>705,826</u>
Revaluation of Assets Reserve		
Balance at beginning of year	33,712,318	32,827,736
Asset Revaluation Reticulation	-	884,582
Balance at end of year	<u>33,712,318</u>	<u>33,712,318</u>
Total Reserves	<u>34,418,144</u>	<u>34,418,144</u>
6 RETAINED EARNINGS		
Balance at beginning of year	3,524,566	2,449,631
Net Surplus after Taxation	2,211,740	3,001,433
Interim Dividend	757,000	460,000
Proposed final Dividend	1,454,739	1,466,498
Balance at end of year	<u>3,524,567</u>	<u>3,524,566</u>
7 RECEIVABLES		
Trade debtors	1,194,517	1,348,181
Accrued Interest Income	6,794	2,884
Prepayments	28,550	26,309
	<u>1,229,861</u>	<u>1,377,374</u>

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2000 \$	1999 \$
8 CREDITORS		
Accounts payable and accruals - trade	615,265	497,893
Employee entitlements	68,770	47,089
Payables to Directors	6,229	6,704
	<u>690,264</u>	<u>551,686</u>
9 FIXED ASSETS		
Freehold Land		
Cost	1,610	1,610
Freehold Buildings		
Cost	794,751	793,041
Accumulated Depreciation	<u>142,700</u>	<u>134,761</u>
Net Book Value	652,051	658,280
Reticulation Assets		
Cost - additions since 1 April 1998	1,858,964	740,586
Valuation	<u>43,011,008</u>	<u>43,011,008</u>
	44,869,972	43,751,594
Accumulated Depreciation at cost	47,785	-
Accumulated Depreciation at valuation	<u>1,075,275</u>	<u>-</u>
Net Book Value	43,746,912	43,751,594
Motor Vehicles		
Cost	183,270	122,917
Accumulated Depreciation	<u>91,476</u>	<u>80,462</u>
Net Book Value	91,794	42,455
Plant, Furniture and Fittings		
Cost	1,542,703	1,452,012
Accumulated Depreciation	<u>1,269,420</u>	<u>1,141,939</u>
Net Book Value	273,283	310,073
Total Net Book Value	<u>44,765,650</u>	<u>44,764,012</u>

The Reticulation Assets were revalued by E W Graham, B.E. (Elect), F.I.P.E.N.Z. and PriceWaterhouseCoopers on 1 April 1998 to a value of \$43,011,008 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

	2000	1999
	\$	\$
10 TERM LIABILITIES		
Inter-business Loan - Other Business (9.95%)	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 75% (1999 14%) of total sales and 54% (1999 62%) 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 exposure to interest rate risk.

Fair Value

The estimated fair value of Waipa Networks financial instruments at 31 March 2000 are stated in the Statement of Financial Position.

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Waipa Networks has an exposure of up to \$197,101, due to a dispute with Transpower over its charges. Our legal advice is that we have no liability in this issue.

There are no other contingent liabilities as at 31 March 2000 (1999 Nil).

There are no commitments for future capital expenditure as at 31 March 2000 (1999 Nil).

WAIPA NETWORKS LIMITED - LINES BUSINESS

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 period 1 April 1998 to 31 March 2000

	2000	1999
Construction of distribution lines & cables	316,839	230,931
Construction of medium voltage switchgear	162,162	740
Construction of distribution transformers	304,530	265,085
Construction of distribution substations	-	7,316
Construction of low voltage lines and cables	111,081	153,953
Construction of other system fixed assets	223,766	82,561
Maintenance of assets	1,018,967	756,715
Consumer connections and reconnections	8,164	33,986
Other services	49,193	31,473

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

Sale of Assets to Other at Book Value	-	2,171,195
Distribution of cash to Other	-	1,000,000
Interest paid to Other	224,625	-

The line business received a loan from the other business of Waipa Networks during the year. The amount outstanding at balance date was \$8,000,000 (1999 Nil).

At year end there were no other outstanding balances for related parties (1999 Nil). No related party debt has been written off or forgiven during 2000 or 1999.

Provision has been made in the accounts for payment of a final dividend to the Waipa Networks Trust of \$1,454,739 (1999 \$1,466,498). Interim dividends totalling \$757,000 have already been paid (1999 \$460,000). Capital Distributions of \$8,000,000 have been paid (1999 Nil).

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2000	1999
	\$	\$
15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Reported Net Surplus after tax	2,211,740	3,001,433
Add (Less) Non Cash Items:		
Depreciation	<u>1,289,783</u>	<u>149,658</u>
	3,501,523	3,151,091
Add (Less) Movements in Working Capital Items		
Decrease (Increase) in Tax Receivable	224,577	(170,470)
Decrease (Increase) in Receivables	147,513	(506,948)
Decrease (Increase) in Inventories	(12,104)	15,533
Decrease (Increase) in Accounts Payable	116,897	(1,471,058)
Increase (Decrease) in Leave Provisions	21,681	(41,527)
Add (Less) Movements in Non-current Items		
Increase in Non-current Liabilities Leave Provisions	<u>15,972</u>	<u>-</u>
	514,536	(2,174,470)
	4,016,059	976,621
Add (Less) Items Classified as Investing Activities		
Net Loss (Gain) on Disposal of Assets	3,624	(9,178)
Disposal Expenses for Properties held for resale	-	14,005
Increase (Decrease) in Creditors for Fixed Assets	(80,157)	-
Capital Contributions	<u>(267,700)</u>	<u>(229,257)</u>
	(344,233)	(224,430)
Net Cash Inflows from Operating Activities	<u><u>3,671,826</u></u>	<u><u>752,191</u></u>
 16 ODV RECONCILIATION REPORT		
System fixed assets at ODV at beginning of year	43,290,212	42,126,426
Add revaluations of system fixed assets	-	884,582
Adjusted System fixed assets at ODV at beginning of year	<u>43,290,212</u>	<u>43,011,008</u>
Add system fixed assets acquired during the year at ODV	1,001,911	1,635,826
Less system fixed assets disposed of during the year at ODV	-	18,163
Less depreciation system fixed assets at ODV	1,372,601	1,338,459
System fixed assets at ODV at end of year	<u><u>42,919,522</u></u>	<u><u>43,290,212</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.

	2000	1999
	\$	\$
Statement of Financial Position Disclosure (Schedule 1, Part 2)		
1 Current Assets		
(a) Cash and Bank balances	377,502	16,362
(b) Short-term investments	1,490,000	1,350,000
(c) Inventories	241,987	229,883
(d) Accounts receivable	1,194,517	1,348,181
(e) Other current assets not listed in (a) to (d)	35,344	252,456
(f) Total current assets	3,339,350	3,196,882
2 Fixed Assets		
(a) System fixed assets	43,746,912	43,751,594
(b) Customer billing and information system assets	172,724	173,581
(c) Motor vehicles	91,794	42,455
(d) Office Equipment	100,559	136,492
(e) Land & Buildings	653,661	659,890
(f) Capital works under construction	-	-
(g) Other fixed assets not listed in (a) to (f)	-	-
(h) Total fixed assets	44,765,650	44,764,012
3 Other tangible assets not listed above	-	-
4 Total tangible assets	48,105,000	47,960,894
5 Intangible assets		
(a) Goodwill	-	-
(b) Other intangible not listed in (a)	-	-
(c) Total intangible assets	-	-
6 Total Assets	48,105,000	47,960,894
7 Current Liabilities		
(a) Bank Overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	690,264	551,686
(d) Provision for dividend payable	1,454,739	1,466,498
(e) Provision for income tax	1,314	-
(f) Other Current Liabilities not listed in (a) to (e)	-	-
(g) Total Current Liabilities	2,146,317	2,018,184
8 Non-current liabilities		
(a) Payables and accruals	15,972	-
(b) Borrowings	8,000,000	-
(c) Deferred tax	-	-
(d) Other Non-current Liabilities not listed in (a) to (c)	-	-
(e) Total Non-current Liabilities	8,015,972	-

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2000	1999
	\$	\$
9 Equity		
(a) Shareholders' equity		
(i) Share Capital	-	8,000,000
(ii) Retained Earnings	3,524,567	3,524,566
(iii) Reserves	34,418,144	34,418,144
(iv) Total Shareholders' equity	37,942,711	45,942,710
(b) Minority interests in subsidiaries	-	-
(c) Total Equity	37,942,711	45,942,710
(d) Capital notes	-	-
(e) Total capital funds	37,942,711	45,942,710
10 Total equity and liabilities	48,105,000	47,960,894

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

11 Operating revenue		
(a) Revenue from line/access charges	10,399,414	9,587,529
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Income from interest on bank & short-term investments	63,900	53,663
(d) AC loss-rental rebates	157,849	209,041
(e) Other operating revenue not listed in (a) to (d)	267,700	229,257
(f) Total operating revenue	10,888,863	10,079,490
12 Operating expenditure		
(a) Transmission Charges	3,387,491	3,460,564
(b) Transfer payments to "Other " business		
(i) Asset maintenance	1,018,967	756,715
(ii) Consumer disconnections and reconnections	8,164	33,986
(iii) Meter data	-	-
(iv) Consumer-based load control	49,193	31,473
(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	1,076,324	822,174
(c) Payments to non-related entities		
(i) Asset maintenance	139,740	87,750
(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	139,740	87,750
(d) Employee salaries, wages and redundancies	659,682	843,714
(e) Consumer billing and information system expense	76,135	78,438
(f) Depreciation on		
(i) System fixed assets	1,123,060	-
(ii) Other assets not listed in (i)	166,723	149,658
(iii) Total depreciation expense	1,289,783	149,658

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2000	1999
	\$	\$
(g) Amortisation of		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	217,389	243,388
(i) Human resource expenses	41,977	63,176
(j) Marketing and advertising	28,048	47,592
(k) Merger and acquisition expenses	-	-
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	57,067	58,135
(o) Donations	-	-
(p) Directors fees	96,245	108,750
(q) Audit fees		
(i) Audit fees paid to principal auditors	30,497	29,701
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by auditors	-	-
(iv) Total auditors fees	30,497	29,701
(r) Costs of offering credit		
(i) Bad debts written off	-	-
(ii) Increase in estimated doubtful debts	-	(10,406)
(iii) Total costs of offering credit	-	(10,406)
(s) Local authority rates	3,740	3,453
(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)	185,425	130,037
13 Total operating expenditure	7,289,543	6,116,124
14 Operating surplus before interest and income tax	3,599,320	3,963,366
15 Interest		
(a) Interest expense on borrowings	224,625	-
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total interest expense	224,625	-
16 Operating surplus before income tax	3,374,695	3,963,366
17 Income Tax	1,162,955	961,933
18 Net surplus after tax	2,211,740	3,001,433