

**ANNUAL REPORT 2007–2008**  
**Electra Limited**





Electra Limited operates as an electricity line owner and operator in the Kapiti and Horowhenua region on the west coast of the lower North Island, New Zealand. Ownership is vested in the Electra Trust on behalf of 41,512 beneficiaries.

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All values in this report are in thousands (000's) of New Zealand dollars (rounded) and are for years ended 31 March unless otherwise stated.

"This year" means the year ended 31 March 2008

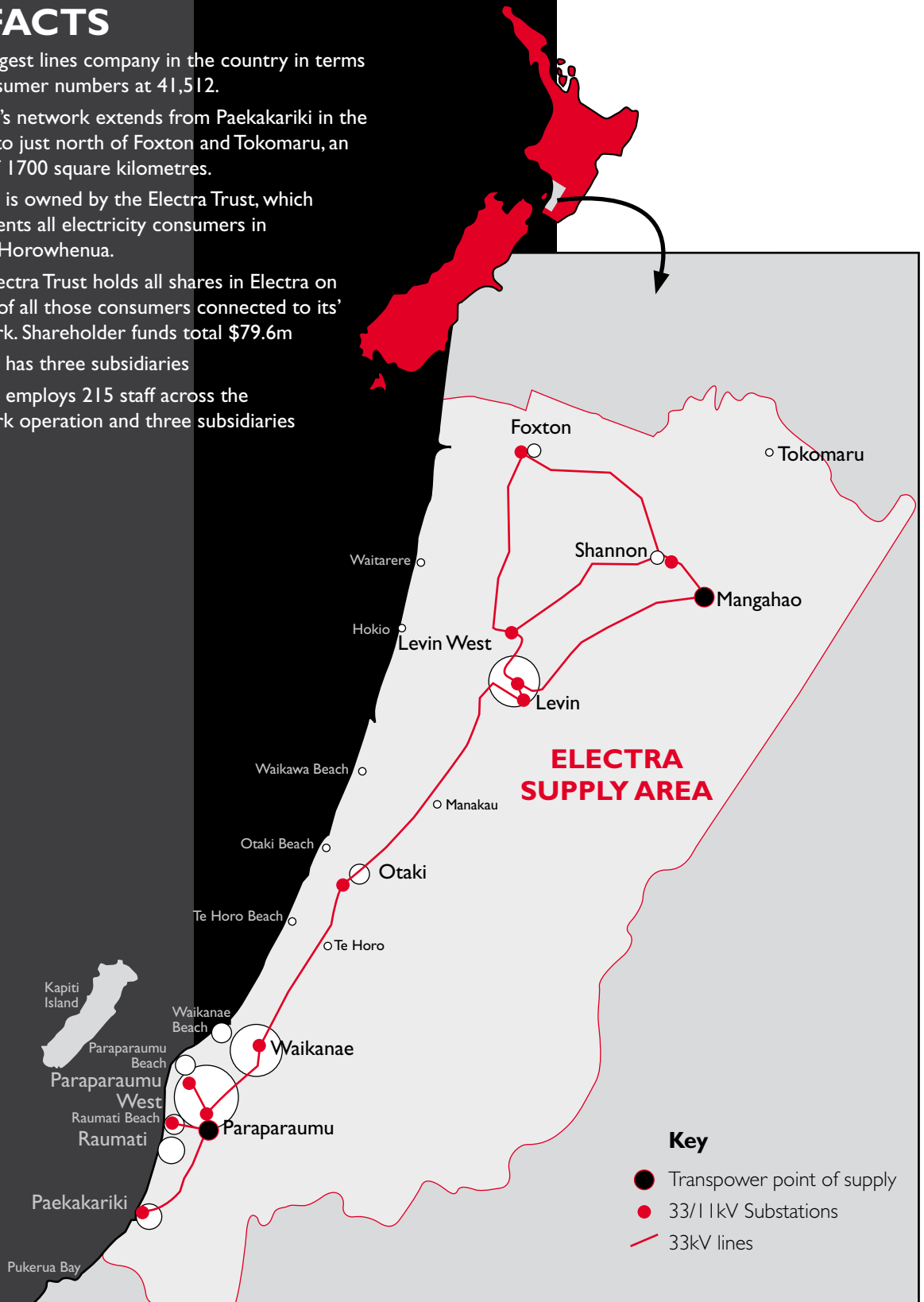
"Last year" means the year ended 31 March 2007

"Next year" means the year ending 31 March 2009



## KEY FACTS

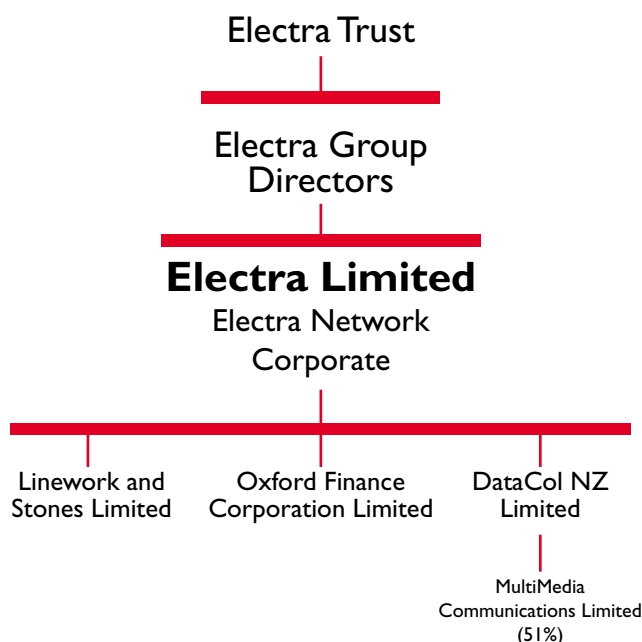
- 8th biggest lines company in the country in terms of consumer numbers at 41,512.
- Electra's network extends from Paekakariki in the south to just north of Foxton and Tokomaru, an area of 1700 square kilometres.
- Electra is owned by the Electra Trust, which represents all electricity consumers in Kapiti-Horowhenua.
- The Electra Trust holds all shares in Electra on behalf of all those consumers connected to its' network. Shareholder funds total \$79.6m
- Electra has three subsidiaries
- Electra employs 215 staff across the network operation and three subsidiaries



At 31 March 2008, the Group had total assets of \$187 million and shareholders' funds of \$80 million and employed 215 (full-time-equivalent) people.

Electra owns 100% of:  
 Linework and Stones Limited, electrical contracting and maintenance businesses;  
 Oxford Finance Corporation Limited, which specialises in Financial Services;  
 DataCol NZ Limited, a national electricity and gas meter reading company which owns a 51% share in MultiMedia Communications Limited, an electrical and communication contracting company.

## THE ELECTRA GROUP



## HIGHLIGHTS

- Total group profit after tax of \$1.69m
- Distributed sales discount of \$8.3m or \$200 per customer on average
- Total assets of \$187m up by \$19m
- Completion of \$3m Shannon sub-station
- Electra rated fifth cheapest for price out of 44 lines companies after including sales discount
- Continued high level of satisfaction with Electra's call centre and fault resolution services
- Trust ownership continues to be overwhelmingly supported by consumers
- Consumers bought 100,275 ecobulbs in Electra promotion
- Oxford Finance Corporation produces record profit of \$2.2m
- Linework and Stones won valuable new business in Wellington
- Purchased remaining half share of meter reading specialist Datacol
- Datacol won contract to install 20,000 smart meters in Christchurch
- Datacol purchased 51% share in fibre optic cable installation specialist MultiMedia Communications
- MultiMedia won a significant three year installation contract for Christchurch City Network's broadband network



Patricia McKelvey - Chair and John Yeoman - CEO

# CHAIR AND CEO REVIEW

## Financial performance

Electra's diversification strategy has been underlined by the strong performance of its subsidiaries over 2007/08 which has helped the company to maintain a good sales discount for our 41,512 electricity consumers in the Kapiti-Horowhenua region.

Electra posted a net profit after tax of \$1.69 million, which allowed the company to give each consumer, on average, a sales discount of \$200 or \$8.3 million (incl GST) in total.

The mild winter reduced power demand and this, coupled with the ongoing need to upgrade the network, has slightly reduced the network business profit this year.

However, staff and management across the company must take credit for a result, which reflects the increasing benefits of our diversification strategy.

Our finance company Oxford Finance Corporation Limited earned a record profit of \$2.2 million, which is an increase of \$829 thousand on the 2007 result. This is very pleasing in light of the difficult trading environment for many finance companies and underscores Oxford's reputation for prudent lending and excellent service, coupled with a loyal customer base. In the light of the problems in the sector, Electra this year provided a guarantee to help reassure investors.

Our electrical contracting business, Linework and Stones Limited, also posted a higher profit. This company operates under two brands; Linework, a power contractor, and Stones, an electrical contractor. Both are also profiting from diversifying their revenue streams by securing valuable work in Wellington and Hawkes Bay, as well as building on their proven track records in the home region.

It was particularly pleasing to see our field service businesses Datacol NZ Limited, and recent acquisition MultiMedia Communications Limited, expanding and diversifying. The year was marked by Electra buying the remaining half share of Datacol, which continued to grow its meter reading business. It has also expanded into a valuable new area of work - installing smart meters.

During the year Datacol purchased 51% of fibre optic network and electrical contracting company MultiMedia Communications Limited. Just months later it won a significant three year contract to design and install Christchurch City Network's new 90km fibre optic network for the CBD. It is expected this will help the company springboard to other work, especially as the demand for broadband grows across the country.

## Sales discount

Our consumers have now enjoyed sales discounts totaling \$96 million since Electra was formed 14 years ago.

This year's discount was slightly down on last year as a major upgrade of the electricity network gathered pace. We are investing \$60 million over the next ten years to ensure we maintain reliability and quality of supply and to meet the electricity demands resulting from growth in Kapiti and Horowhenua. This year we invested over \$10 million in maintenance and upgrading and we expect a similar investment next year.

While this expenditure may impact on next year's discount, Electra is committed to maintaining the discount at reasonable levels in the future through our diversification strategy.

Our aim has been to buy proven businesses with scope to grow revenues. Fiftyfive per cent of our overall revenue is now generated by our subsidiaries and we aim to increase this further over the next few years.

## Regulatory environment

Electra has been concerned for some time about the high cost of complying with the regulations imposed on electricity network companies. Currently this costs us around \$450,000 a year. However, the government has listened to proposals for change. As a result of a review of the Commerce Act it is proposed that trust owned companies be exempted from much of the current regulatory regime.

This is a welcome recognition of the special status of trust owned companies, which, unlike many of our competitors, return their surplus directly to their consumers and we are hopeful the new legislation will be passed before the end of 2008.

It is pleasing to also note the raising of limits on generation capacity that can be owned by network companies. This certainly makes generation more attractive. However, Electra is not pursuing opportunities while so much uncertainty exists over the impact of emissions trading. While we applaud the government's commitment to encourage renewable energy supply, we are concerned that the target of achieving 90% renewables by 2025 is ambitious and may unduly raise power prices for consumers.

Network cable jointing



## Adoption of NZ IFRS

Electra, along with all other non exempt New Zealand reporting entities, has been required to adopt New Zealand International Financial Reporting Standards (NZ IFRS) for its financial reporting from 1 April 2007.

Our financial statements are now much larger and more complex than under previous generally accepted accounting practice in New Zealand (NZ GAAP).

The new reporting standards change how certain asset, liability, revenue and expense items are treated.

We have fully described the significant impacts of our adoption of NZ IFRS in the notes to our audited financial statements.

The largest impact has been to our Shareholders' Equity. The equity has reduced by \$20.7m effective 31 March 2007 - almost entirely due to different treatment of deferred tax liabilities which in our view will never be realised. The new required accounting treatment therefore results in Shareholders' Equity being understated in the financial statements.

It also requires Goodwill to be written down for DataCol NZ and MultiMedia Communications but prohibits us from recognising the increase in goodwill of over \$13m for other subsidiaries.



*Line maintenance*

## Customer feedback

It is pleasing that our consumers have again expressed a high level of satisfaction with the service they receive from our call centre and service business partners. This year's consumer survey in particular showed an increase in the percentage of people who, if they reported a fault, found it fully resolved. It is also satisfying that recognition of our brand remains at high levels. We are committed to a quality service, but there is always room for improvement and we will take note of suggestions consumers have made.





*Electra's new mobile generator, used to provide power to consumers while lines are being maintained.*

It is with much sadness we note the death of Linework staff member Barry Woodford who died in an accident in Shannon on 12 November 2007. Our sympathies are with his family during this difficult time. This is the first such tragedy on the Electra network.

## Network investment

The completion of the \$3 million project to replace the Shannon substation marked a significant milestone in the upgrading of Electra's network. Shannon is a critical switching station for our network, transferring power from the national grid to Shannon, Foxton and Levin.

We also completed an alternative supply to Foxton Beach to help meet rising power demand from the increase in permanent dwellings in the former holiday centre.

The growth of Levin as a regional centre for commerce, has necessitated an expansion of capacity in existing feeder lines. Extra underground cabling and an upgrading of overhead lines were completed in the past year:

In the Kapiti area, we installed a new transformer at our Paekakariki substation to reinforce local supply. An alternate supply from our Paraparaumu Arko Place Substation into industrial Te Roto Drive was also installed to ensure a reliable power source to this and the neighbouring residential areas.

We also worked with Transpower to finalise plans to reinforce reliability of the Paraparaumu Grid Exit Point.

Over the next year Electra plans to invest \$5.8 million in new equipment such as transformers and another \$4.2 million in maintenance as part of our 10-year investment plan.

## Network reliability

It was particularly disappointing that we breached both our SAIDI and SAIFI regulatory target thresholds for outages this year. However, our network reliability across a range of measures remains superior to most line companies. This is particularly satisfying as the coastal nature of our network does expose us to increased wear and tear on the network.

Reliability figures would have come in well under target if the following incidences had not occurred:

- a single storm event,
- prevention of live line planned maintenance work for four months due to a live line safety inquiry,
- not being able to use auto reclose due to high fire danger.

Nevertheless, it is still a concern that vehicle accidents involving poles, equipment failure, trees contacting lines, other weather related events and growth in consumer numbers connected to each feeder, have all contributed to our reliability targets being breached this year.

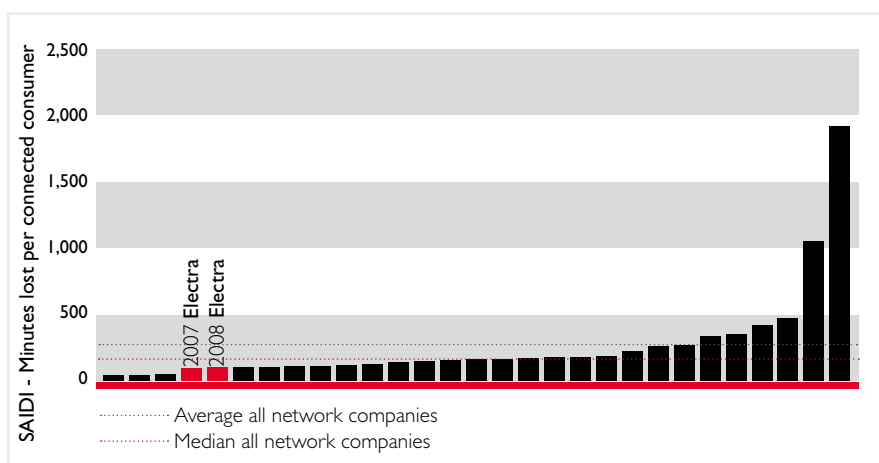
Our investment programme is designed to improve system reliability and reduce the number of customers affected by outages. We are confident of improving our performance in the near future.

## Measures of reliability of electricity supply

**SAIDI** System Average Interruption Duration Index (the average length of time of outages per consumer connection point to electricity network)

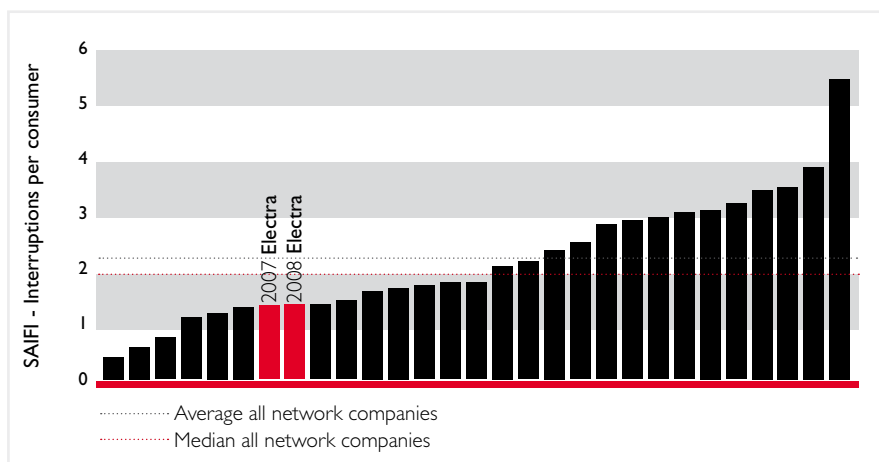
**SAIFI** System Average Interruption Frequency Index (the average number of outages per consumer connection point to electricity network)

### Electra's position relative to other New Zealand network companies (SAIDI) Year ending 31 March 2007



Source: PWC Electricity Line Business and Gas Pipeline Business - 2007 Information Disclosure Compendium.

### Electra's position relative to other New Zealand network companies (SAIFI) Year ending 31 March 2007



Source: PWC Electricity Line Business and Gas Pipeline Business - 2007 Information Disclosure Compendium.

## Backing our businesses

A reliable, high quality lines network is essential to help grow a more productive local economy. Electra is also playing its part through direct support for several local initiatives. We are encouraging business networking through the regular Electra Business Breakfasts and recognising successful businesses through the annual Electra Business Awards, which are now in their 14th year.

This year we congratulate overall winner Levana Textiles. The Levin-based company is carving out a valuable niche with its specialised fabrics for the fashion, recreation and sportswear markets. This company is focused on building a unique brand and is committed to delivering high quality product, on time, to customers around the world.

Levana is part of the region's textile cluster, in which some of the businesses have doubled overall turnover in the last year. We are proud to acknowledge a key member of the textile cluster in building a brighter future for Kapiti-Horowhenua.



*Horowhenua District Council building*



*John Baker CEO Levana Textiles*



*Kapiti's new Civil Defence building*

## Backing our community

Electra also plays its part in backing those who provide essential community support. The "Caring for our Community" sponsored pages in both Horowhenua and Kapiti newspapers are a valuable way of helping "not for profit" groups reach out to many in the region.

Electra is also actively helping local households reduce their power bills. Our ecobulb promotion in partnership with electricity retailer Energy Online was very successful this year. Over half of all households in Kapiti-Horowhenua took part in the offer for five ecobulbs sold through Pak 'n Save, New World and Four Square Stores. More than 100,000 ecobulbs were sold representing power savings of \$13 million over the life of the bulbs and a reduction in peak power demand of around 2MW on the Electra network.

Encouraging energy efficiency is great for customers, and also valuable for Electra in terms of helping to reduce the investment needed in the capacity of the network.

Electra is also promoting the installation of energy efficient heat pumps, at discounted prices, in conjunction with business partner Temperature Solutions. This promotion gives consumers access to warmer and healthier homes along with better running costs, as well as encouraging interest in this technology. Sales in this promotion increased significantly this year compared with a similar programme last year.



## OUTLOOK

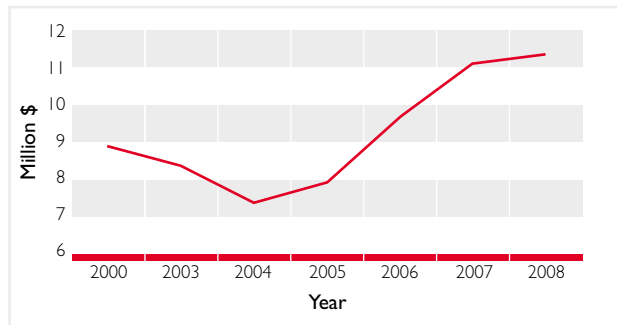
Electra expects connections to grow by over 600 a year in the medium-term. Many of these will be from the Kapiti area, which continues to experience population growth above the national average. However, there has been a significant increase in new connections in Horowhenua over the past two years that, if sustained, will add to the overall figure. The rising profitability of our subsidiaries will continue to help offset increasing costs from new investment in the network and this should allow Electra to maintain the sales discount at similar levels over the next few years. We remain committed to growing revenues outside the network in a prudent way and we will continue to examine opportunities for new acquisitions. We thank staff and management for helping Electra achieve another satisfying result that positions the company well for the future.

Patricia McKelvey  
Chair

John Yeoman  
CEO Electra Group

# PERFORMANCE SNAPSHOT

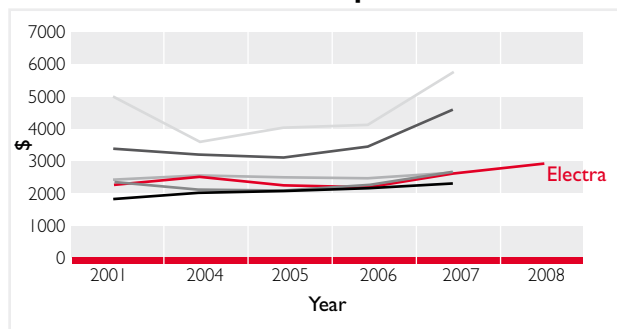
## Electra Group surplus before discount and tax



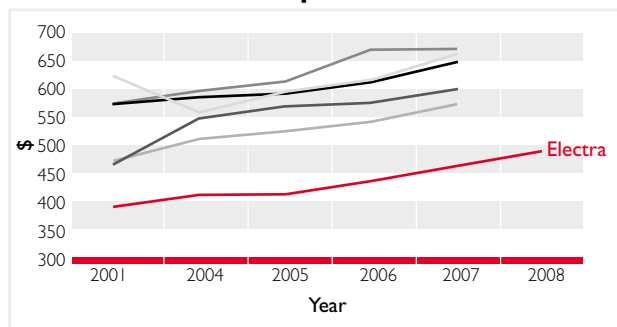
## INDUSTRY BENCHMARK COMPARISONS

Electra performance compared to electricity lines businesses of similar density.

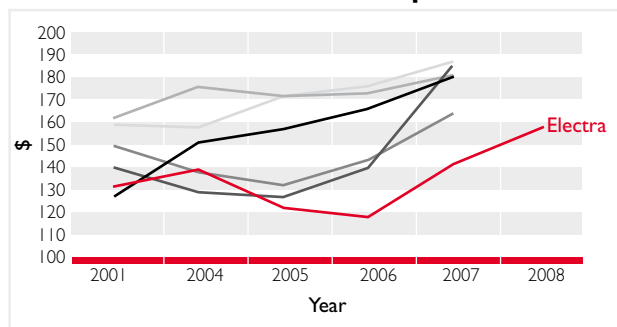
### Direct and indirect costs per km of line



### Distribution revenue per ICP\*



### Direct and indirect line costs per ICP\*



\* Consumer connection point to electricity network.

Source: Electricity Line Business, Information Disclosures.

## Consumer satisfaction

The 2007 consumer satisfaction survey showed:

- A great majority were satisfied with the initial service they received from Electra's business partner Call Care.
- Fault resolution and timeliness improved for the third year in a row, thanks to Electra's faults business partner Linework and Stones.
- Over 90% of those who spoke directly to a faults person rated the service they received as "very good" to "excellent".

## Market image

The 2007 market image survey showed:

- Customers have a very positive image of Electra. They describe Electra as:
  - Providing reliable supply of electricity
  - Professional
  - Dependable
  - Taking a responsible attitude to business
  - Having well maintained poles and wires
  - Fixing faults quickly

## Five year performance highlights

	NZ IFRS		Previous NZ GAAP		
	2008	2007	2006	2005	2004
<b>Financial</b>					
Total revenue (\$'000)	\$59,834	\$45,000	\$42,801	\$41,345	\$37,551
Discount issued (\$'000) - (excludes 06/07 provision of \$1.1m)	\$7,438	\$8,887	\$8,325	\$7,000	\$6,921
Surplus (after tax) (\$'000)	\$1,691	\$1,611	\$1,305	\$926	\$465
Total assets (\$'000)	\$187,143	\$167,970	\$165,182	\$170,900	\$171,521
Total shareholders funds (\$,000)	\$79,634	\$76,593	\$97,218	\$96,072	\$95,058
Shareholders funds to total assets	43%	46%	59%	56%	55%
Net asset backing per share	\$3.19	\$3.13	\$3.97	\$3.93	\$3.88
<b>Energy Performance</b>					
GWh sold (GWh)	402.6	406.0	384.9	388.3	368.9
Loss ratio	7.0%	6.2%	6.7%	6.5%	6.6%
Load factor	53%	50%	48%	49%	51%
Maximum demand (MW)	97	98	92	91	82
Circuit kilometers (kms)	2,210	2,188	2,179	2,165	2,148
Supply area (sq kms)	1,628	1,628	1,628	1,628	1,628
<b>Consumer Information</b>					
Number of consumers	41,512	40,860	40,458	39,906	39,541
Average kWh sales per consumer	9,698	9,934	9,513	9,731	9,330
Discount issued per consumer (incl. GST) (Average)	\$200	\$245	\$201	\$197	\$197
<b>Network Reliability</b>					
System Average Interruption Duration Index (SAIDI)	104.0	87.8	69.6	78.0	119 <sup>a</sup>
System Average Interruption Frequency Index (SAIFI)	1.60	1.43	1.34	1.56	2.72 <sup>a</sup>
Consumer Average Interruption Duration Index (CAIDI)	64.8	61.4	51.9	50.0	43.4
Faults per 100km line (number)	5.8	5.8	5.0	4.9	5.5
<b>Personnel</b>					
Number of employees - Electra	12	11	11	12	17
Number of employees - Linework and Stones	106	105	95	99	88
Number of employees - Oxford Finance	19	18	19	19	16
Number of employees - DataCol NZ	33	-	-	-	-
Number of employees - MultiMedia Communications	45	-	-	-	-
<b>Parent Only</b>					
Operating costs per consumer	\$159	\$144	\$122	\$126	\$135
Operating costs per kWh (cents)	1.64	1.45	1.28	1.30	1.44

<sup>a</sup> Includes February 2004 Civil Defence floods and wind storms.  
Excluding these events SAIDI & SAIFI would have been - SAIDI – 40.37  
SAIFI – 0.973

# LINEWORK AND STONES LIMITED

Linework and Stones is a significant contracting business mainly concentrated in the lower North Island. It operates under two brands – Linework, a power contractor specialising in the design, construction and maintenance of electrical reticulation systems and Stones, an electrical contractor. By leveraging both its brands the company is able to handle a wide variety of electrical work.

## Linework

The continued upgrading of electricity networks in Kapiti-Horowhenua and Wellington has underpinned another busy year for Linework.

Linework is heavily committed to parent company Electra's \$60 million upgrade of its network over the next ten years and the company has also continued to develop work outside its home region.



Over the last five years it has been steadily increasing its presence in Wellington where its major client, lines company Vector, has also been undertaking an extensive upgrade of its network. Linework has won significant contracts to maintain and replace power poles, replace switchgear and transformers as well as work on new subdivisions.

Linework is continuing to develop other work streams. A slowdown in housing subdivision development in Kapiti-Horowhenua has been countered by an increase in work connecting lifestyle blocks. The company is also developing a relationship with Chatham Islands Electricity where it secured a

contract to install 14.4km of cable and 11 transformers to supply farmers with electricity on the Island.

To ensure it can continue to provide the best service Linework is also upgrading its equipment. This year it took delivery of two new bucket trucks from Japan. Three more specialised Linework trucks are on order.

The volume of work and the shortage of skilled workers have created significant challenges for Linework. To help maintain skill levels in its workforce Linework has increased its investment in the future with a quarter of the staff now trainees including cable jointers and cable fitters. The company is also recruiting from overseas, hiring three British cable jointers in the last year. With the volume of work projected to increase in the next few years and with the job market likely to remain tight in New Zealand, Linework expects to continue to look overseas for experienced workers.

Linework is committed to an excellent training environment for its workers. This year it developed a training line at Otaki. This greatly improved access to quality training facilities for workers as previously they had to travel outside the region.



*Cable jointing*

## Stones

Stones Electrical Contractors has continued to make inroads into the Wellington market as it looks to build business outside the Kapiti-Horowhenua area.

The diversification strategy has paid dividends with the company now being invited to tender for work in the capital. The pay-off has been hard won in the competitive Wellington market where Stones has spent several years building a reputation for quality and timeliness. It has cemented good relationships with key building contractors in the city.

The company now has a team of 18 electricians working from its Petone base on several major projects. They have been busy on stage two and three of the Roger Walker designed Century City Apartment and Hotel complex in Tory Street, Wellington, wiring 140 apartments. Stones is also involved in the 13 storey, 89 room hotel complex under construction on a site adjacent to the apartments.

Work has continued on the Village at the Park retirement complex on the old Athletic Park site in Newtown. Its latest contract involves wiring the first of several low-rise serviced apartment buildings, which are being built behind the villas. Stones also completed wiring on the Boulcott Village apartment and townhouse development.

Stones expects another busy year ahead and has a positive attitude to the Wellington market despite

less than positive macro economic indicators.

In Hawkes Bay Stones is building on its initial presence. A contract for a Summerset retirement home in Taradale has led to further work on another Summerset project in Hastings. Stones is hopeful this work will help it springboard to contracts involving new housing developments as the region continues to grow.

Wellington and Hawkes Bay are a key part of Stones' strategy of growing steadily and safeguarding its overall revenue stream.

In Stones' home base of Kapiti-Horowhenua a slowdown in subdivision work has been offset by the growth in wiring high value houses on lifestyle blocks as the region continues to attract new residents and commuters from Wellington.

Stones' long established presence and reputation in the area has ensured it continues to be a successful contractor for major commercial work. It completed a 9-month contract for wiring the new building for the Horowhenua District Council in Levin, an upgrade of the Unisys building in Paraparaumu and the new Emergency Centre for the Kapiti Coast District Council.

**Stones**  
ELECTRICAL CONTRACTORS



Darren Maguire

## Stones Apprentice Darren Maguire

Darren Maguire, 32, is in his second year as an apprentice for Stones.

He switched from a career in the retail sector 18 months ago and has never looked back.

“One of the things that really encouraged me to change was when I was building my own house from scratch in Porirua a few years ago. I found I was very practical and enjoyed getting the job done. One of the great things about this job is the challenge of solving problems and seeing the end results of your efforts.”

A third of Stones' staff are trainees like Darren. The shortage of skilled staff is why Stones has an active training programme. This means it can continue to draw on the right combination of skills and experience to complete its contracts.

# OXFORD FINANCE CORPORATION

Oxford Finance Corporation celebrated its twentieth birthday by posting a record \$2.2 million pre-tax profit in sharp contrast to problems facing many competitors.

Oxford's reputation for prudent lending, coupled with a loyal investor base, has underpinned its performance in a difficult environment.

In the face of highly publicised problems in the industry, this year parent company Electra decided to provide a guarantee for investors' funds. This has not only reassured existing investors, but also allowed

Oxford to attract new investors to help secure its future.

The company remains one of the top performers in the industry with 85% of debenture funds reinvested.

Oxford sees increasing opportunities for quality lending outside the Kapiti-Horowhenua region, especially with fewer finance companies now competing for business. Lending remains strong in motor vehicle finance, primarily in provincial New Zealand, but the company has also been diversifying into other markets with business and property lending now accounting for a third of its business.

Oxford is also looking for more growth in its home region, opening an office in Paraparaumu and expanding its marketing. Profile raising activities included the securing of naming rights for the annual Levin Agriculture, Pastoral and Industry (AP&I) show.

Oxford is now well placed to continue its steady growth and is committed to providing the same excellent service that it has for twenty years.



Jason Boggs

## Jason Boggs, Redlands Developments

Auckland property developer Jason Boggs has dealt with the whole spectrum of lenders from banks to finance companies in his time and rates highly the service he received from Oxford Finance Corporation.

Oxford financed construction of these five terrace townhouses in Royal Oak, which were completed and sold last year:

"We put a proposal in and were dealt with really well. They gave us good service and were flexible when there were some delays getting titles for buyers. It was a good experience and worked out well. We will certainly use Oxford again."



# DATA COL NZ AND MULTIMEDIA COMMUNICATIONS

Meter reading specialist DataCol capped off an exciting year when its newly acquired fibre optic cable installation and electrical contracting company MultiMedia won a three year contract to supply Christchurch City Network's new fibre network.

**DATA COL**  
New Zealand

It was a year marked by change and opportunity for DataCol itself. Electra now fully owns the company after acquiring the remaining half share in September.

DataCol in turn was in expansion mode, buying 51% of MultiMedia in July. This is part of the company's strategy to prepare for the future as technology changes in the metering market.

Meter reading is still the backbone of DataCol's business. Its 180 contractors visit the homes of nearly half New Zealand's electricity customers, reading meters for most of the large electricity and gas retailers. This year it secured several valuable contracts including meter reading for Energy Online, Auckland University and Energy Billing Services underlining the company's reputation for reliability and quality.

But change is looming for the industry as retailers invest in new smart meters. These will give customers more information on how they consume their power during a day. They also allow retailers to read meters remotely so meter readers will be less in demand.

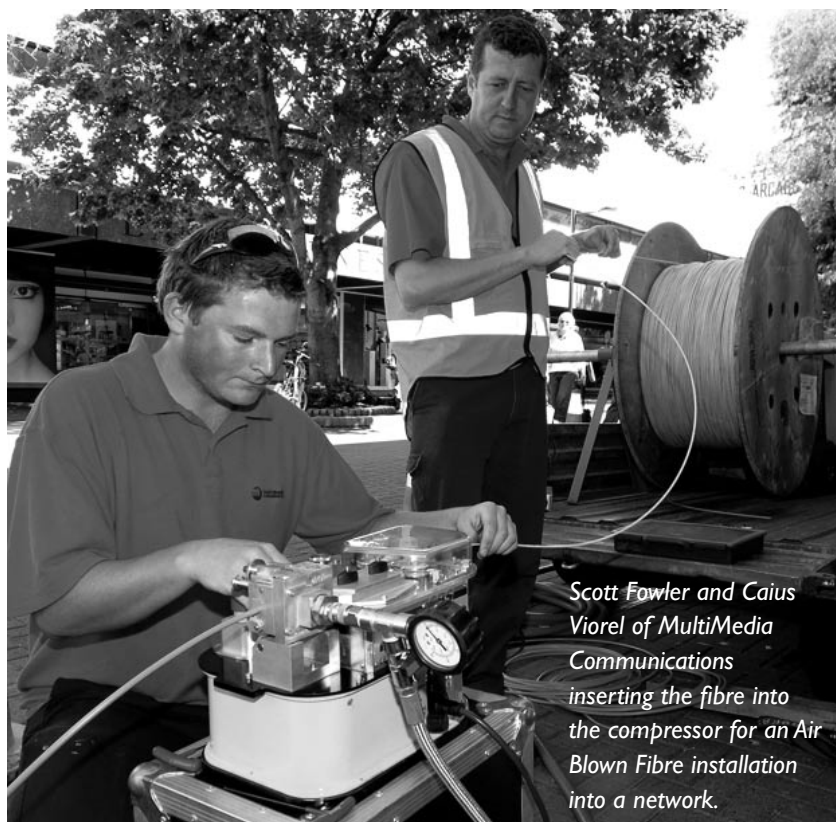
DataCol is meeting this challenge head on. During the year it was contracted to install smart meters in 20,000 homes in Christchurch. This new business is expected to grow as retailers across the country also invest in smart meters. DataCol is well placed to capitalise on this and now has a team of 20 electricians working on the installation contract.

The acquisition of MultiMedia will also help DataCol expand into new business. The contract with Christchurch City Networks Limited, signed in November, will see MultiMedia provide 90kms of fibre optic cable with the capability of connecting every building in the CBD.

Telecommunications is a big growth area with the unbundling of the

local loop giving competitors access to Telecom's core telephone infrastructure. This, coupled with the expansion in broadband across the country, will provide valuable opportunities for MultiMedia's fibre optic design and build expertise and other field services.

DataCol is now well placed for the future. However, a big challenge for the company is to ensure it has enough skilled workers to help it take advantage of opportunities. That's why it has recently recruited electricians from Africa and Asia and it will continue to search overseas for more staff as business grows.



*Scott Fowler and Caius Viorel of MultiMedia Communications inserting the fibre into the compressor for an Air Blown Fibre installation into a network.*



**Patricia McKelvey**  
– Chair

Patricia has enjoyed outstanding success in both the sporting and education areas. She has been a world-class cricketer and was Principal of Wellington High School for seven years. Her service to the community has been recognised with an MBE for services to Women's Cricket in 1981 and a CNZM for Education in 2005.

Patricia now has a number of professional board and committee roles, including Chair of the Correspondence School Board of Trustees, member of the Victoria University Council and the Social Security Appeal Authority. To these roles and her role at Electra, Patricia brings exceptional communication and human resource skills.

Patricia has been an Electra Director since 1993 and was appointed Chair in 2007.

## BOARD OF DIRECTORS



### **Martin Devlin**

Martin is a Professor at the Department of Management at Massey University. He was Director of Massey's MBA programme before his current position teaching Innovation and Entrepreneurship, General Management and Corporate Governance. He has previously had careers in the Regular Army and in manufacturing industries in both New Zealand and the UK.

Martin has been an Electra Director since 1997. He is also Chair of the Levin WarVeterans Home Trust.



### **Piers Hamid**

Piers was a Chartered Accountant and Company Director practicing in the Manawatu and Kapiti-Horowhenua regions.

He has been a Financial Director and Management Consultant and currently has his own consultancy business. His particular interest and expertise is in the area of small / medium business development over a wide range of industries including construction, transport, textiles and agribusiness.

Piers has been a Director of Electra since 1993 and was also an appointed member of the Mid Central Health, Waikato District Health and director of a number of private companies.



### **Neil Mackay**

Neil has held a number of senior roles in a wide variety of industries both in New Zealand and overseas including power construction and financial services. He was the inaugural Chief Executive of Industry New Zealand a crown entity which was acknowledged by the OECD as being one of the forefront agencies for economic development programmes and strategies. More recently Neil was the Managing Director and part owner of Thrifty Car Rental New Zealand.

Now a Management Consultant focussing on business and market development he is also a director of two start-up companies.

Neil was appointed to the Board in 2007.



### **Warren Thessman**

Warren is a Professional Engineer with affiliations to NZ, UK and USA Institutions. As a former Senior Partner of Kerlake and Partners, he was involved in the engineering design and construction of dairy, meat, hospital and power station facilities.

He has served on dairy, manufacturing, insurance and energy related boards and is an Accredited Fellow of the Institute of Directors.

Warren has been on the Board of Electra since 1993. He was appointed Chairman in 1995, a role he held until 2007.

## MANAGEMENT TEAM



**John Fallen**  
Electra General Manager  
- Network



**Ross Leggett**  
Electra Group General  
Manager - Commercial



**Todd Campbell**  
Electra Group Finance  
Manager



**John Yeoman**  
Chief Executive - Electra  
Group



**Vivien Thorby**  
Executive Assistant



**Vivien Wright**  
Company Secretary



**Allen Hutchison**  
**General Manager**  
 - Linework and Stones  
 Limited



**Bruce Franks**  
**Chief Executive**  
 - DataCol NZ  
 and MultiMedia  
 Communications Limited



**Jenni Williams**  
**General Manager**  
 - Oxford Finance  
 Corporation Limited

# DIRECTORS' STATUTORY REPORT

The Directors' take pleasure in presenting their Report and financial statements of Electra Limited for the year ended 31 March 2008.

## Principal activities

The group's principal activities during the year were:

- to be a successful electricity line owner and operator maximising value for owners through competitive prices, quality and efficient operations
- to operate a successful electricity network construction and maintenance contracting business
- to invest in business activities and projects that add value to the Company

## Group results and distributions

	2008 \$000	2007 \$000
Operating revenue	59,834	45,000
Discount to consumers	(7,438)	(8,887)
Group profit before tax for the financial year	3,073	2,536
Share of associate surplus	109	112
Taxation	(1,491)	(1,037)
Net profit after taxation	1,691	1,611
Dividend	(310)	(185)
Retained earnings brought forward	\$58,593	\$57,167
<b>Retained earnings carried forward</b>	<b>\$59,974</b>	<b>\$58,593</b>

## Directors interests

Directors have declared interests in transactions with the company during the year as set out in note 25 of these financial statements.

Directors have no direct interest in equity securities issued by the company. Directors may also be beneficiaries of Electra Trust, which holds the shares in the Company for end-customers of the day.

## Retirement of directors

In accordance with the Constitution of the Company Miss Patricia McKelvey and Mr Martin Devlin retire by rotation at the annual general meeting of the Company. Miss McKelvey and Mr Devlin being eligible, offer themselves for re-election.

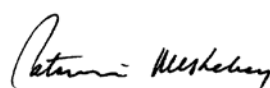
## Use of company information

During the year the Board received no notices from Directors of the Company requesting use of company information received in their capacity as directors, which would not otherwise have been available to them.

## Auditor

Graeme Mitchell of Deloitte was appointed as Auditor on behalf of the Auditor General, in accordance with Section 45 of the Electricity Companies Act 1992.

For and on behalf of the Board



Patricia McKelvey

Director

30 May 2008



Piers Hamid

Director

# INDEX FOR THE AUDITED FINANCIAL STATEMENTS

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## INCOME STATEMENT for the year ended 31 March 2008

	Note	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Sales and interest revenue		59,834	45,000	26,711	25,606
Dividends from subsidiaries		-	-	1,985	970
<b>Total operating revenue</b>	2	<b>59,834</b>	45,000	<b>28,696</b>	26,576
Discount to consumers		(7,438)	(8,887)	(7,438)	(8,887)
Interest expense		(5,870)	(4,509)	(1,989)	(1,362)
Net profit before taxation	2	3,073	2,536	875	318
Taxation	3	(1,491)	(1,037)	48	153
Net profit after taxation		1,582	1,499	923	471
Share of associate accounted for using the equity method	13(b)	109	112	-	-
<b>Net profit</b>		<b>\$1,691</b>	\$1,611	<b>\$923</b>	\$471
Profit attributable to:					
Minority interest		(252)	-	-	-
Members of the parent entity		1,943	1,611	923	471
		<b>\$1,691</b>	\$1,611	<b>\$923</b>	\$471

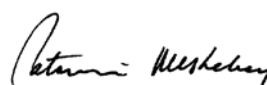
## STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2008

	Note	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Equity at beginning of the year		76,593	75,167	72,402	72,116
Net profit		1,691	1,611	923	471
<b>Total recognised revenues and expenses</b>		<b>1,691</b>	1,611	<b>923</b>	471
Capital issued		1,660	-	-	-
Dividend paid	20	(310)	(185)	(230)	(185)
<b>Total other movements</b>		<b>1,350</b>	(185)	<b>(230)</b>	(185)
<b>Equity at end of the year</b>		<b>\$79,634</b>	\$76,593	<b>\$73,095</b>	\$72,402

The notes on pages 30 to 75 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 30 May 2008.

For and on behalf of the Board



Patricia McKelvey

Director

30 May 2008



Piers Hamid

Director

## BALANCE SHEET as at 31 March 2008

	Note	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Equity</b>					
Share capital	18	19,660	18,000	18,000	18,000
Retained earnings	19	59,974	58,593	55,095	54,402
<b>Total equity</b>		<b>79,634</b>	76,593	<b>73,095</b>	72,402
Attributable to:					
Parent entity interest		78,226	76,593	73,095	72,402
Minority interest		1,408	-	-	-
<b>Total equity</b>		<b>79,634</b>	76,593	<b>73,095</b>	72,402
<b>Non-current liabilities</b>					
Borrowings	16	31,819	14,720	27,820	14,720
Deferred tax	3	20,635	20,815	20,791	21,149
Secured debenture stock - non current	17	6,436	11,849	-	-
<b>Total non-current liabilities</b>		<b>58,890</b>	47,384	<b>48,611</b>	35,869
<b>Current liabilities</b>					
Secured debenture stock - current	17	36,434	28,053	-	-
Current borrowings - other	16	3,469	7,000	2,102	7,048
Trade and other payables	15	8,716	8,940	6,023	7,111
<b>Total current liabilities</b>		<b>48,619</b>	43,993	<b>8,125</b>	14,159
<b>Total equity and liabilities</b>		<b>\$187,143</b>	\$167,970	<b>\$129,831</b>	\$122,430
<b>Non-current assets</b>					
Property, plant and equipment	12	111,033	106,125	107,832	103,362
Investments in subsidiaries	13	-	-	15,284	8,523
Investments accounted for using the equity method	13(b)	-	4,037	-	3,925
Goodwill	14	13,617	4,680	1,412	1,412
Intangible assets	14	2,249	1,461	1,533	1,448
Finance receivables	7	21,185	19,493	-	-
<b>Total non-current assets</b>		<b>148,084</b>	135,796	<b>126,061</b>	118,670
<b>Current assets</b>					
Cash and cash equivalents	23	1,671	794	775	154
Trade receivables and prepayments	6	6,166	2,873	2,032	843
Receivables – other	6	-	-	800	2,600
Finance receivables - current	7	30,473	27,776	-	-
Property held for sale	8	163	163	163	163
Inventories	9	114	39	-	-
Work in progress	9	472	529	-	-
<b>Total current assets</b>		<b>39,059</b>	32,174	<b>3,770</b>	3,760
<b>Total assets</b>		<b>\$187,143</b>	\$167,970	<b>\$129,831</b>	\$122,430

The notes on pages 30 to 75 form part of these financial statements.

## STATEMENT OF CASH FLOWS for the year ended 31 March 2008

	Note	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Cash flows from operating activities</b>					
Cash was received from:					
Receipts from customers		43,059	28,378	17,370	14,653
Dividends received		-	-	1,985	970
Finance receivables - interest received		6,189	5,458	-	-
Proceeds from HP contracts and loan advances		40,072	38,209	-	-
Other interest received		25	68	129	42
		<b>89,345</b>	72,113	<b>19,484</b>	15,665
Cash was disbursed to:					
Payments to suppliers and employees		(36,522)	(19,977)	(13,863)	(7,618)
Secured debenture stock - interest paid		(3,712)	(3,122)	-	-
Finance loans advanced		(44,462)	(44,428)	-	-
Interest paid		(2,020)	(1,362)	(1,887)	(1,362)
Income tax paid		(1,837)	(1,151)	(85)	(215)
		<b>(88,553)</b>	(70,040)	<b>(15,835)</b>	(9,195)
<b>Net cash flows from operating activities</b>	24	<b>792</b>	2,073	<b>3,649</b>	6,470
<b>Cash flows to investing activities</b>					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		95	21	30	21
		<b>95</b>	21	<b>30</b>	21
Cash was applied to:					
Purchase of property, plant and equipment		(10,796)	(6,335)	(8,951)	(5,137)
Purchase of investments		(5,171)	(3,925)	(3,729)	(4,745)
		<b>(15,967)</b>	(10,260)	<b>(12,680)</b>	(9,882)
<b>Net cash flows to investing activities</b>		<b>(15,872)</b>	(10,239)	<b>(12,650)</b>	(9,861)

## STATEMENT OF CASH FLOWS continued

	Note	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Cash flows from financing activities</b>					
Cash was provided from:					
Loans raised		13,801	3,620	8,500	3,620
Secured debenture stock issued		38,037	30,827	-	-
Advance from subsidiary		-	-	-	48
Loan repaid by subsidiary		-	-	2,600	-
Capital issued		50	-	-	-
		<b>51,888</b>	34,447	<b>11,100</b>	3,668
Cash was applied to:					
Advance to subsidiary		-	-	(800)	(2,600)
Repayment of debenture funds		(35,122)	(32,971)	-	-
Repayment of loans		(499)	-	(448)	-
Payment of dividends		(310)	(185)	(230)	(185)
		<b>(35,931)</b>	(33,156)	<b>1,478</b>	(2,785)
<b>Net cash flows from financing activities</b>		<b>15,957</b>	1,291	<b>9,622</b>	883
Net increase/(decrease) in cash and cash equivalents held		877	(6,875)	621	(2,508)
Add opening cash and cash equivalents brought forward		794	7,669	154	2,662
<b>Ending cash and cash equivalents carried forward</b>		<b>\$1,671</b>	<b>\$794</b>	<b>\$775</b>	<b>\$154</b>

The notes on pages 30 to 75 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 31 March 2008

### I. Summary of Significant Accounting Policies

#### I.1 Statement of compliance

Electra Limited ('The Company') is a profit-oriented company incorporated in New Zealand. The company operates primarily in the field of electricity distribution and also undertakes ancillary contracting services in relation to Linework and Stones Limited

The 'Group' for financial reporting purposes comprises: Electra Limited, the parent company, and its fully owned subsidiaries Linework and Stones Limited, Oxford Finance Corporation Limited, Oxford Finance Limited, DataCol NZ Limited and its 51% owned subsidiary MultiMedia Communications Limited. Non-trading entities of the Group include Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited. The ultimate parent of the Group is the Electra Trust.

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Energy Companies Act 1992. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as are appropriate for profit-oriented entities.

Compliance with NZ IFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards (IFRS).

The parent company financial statements also comply with IFRS.

#### I.2 Basis of preparation

The financial statements have been prepared on the basis of historical and deemed cost as allowed by NZ IFRS I.

Separate accounting policies are outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

The financial statements have been prepared in New Zealand dollars (NZD), rounded to the nearest thousand, as both the functional and presentation currency.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

#### I.3 Adoption of New Zealand International Financial Reporting Standards

This is the first reporting year in which the Company has adopted applicable NZ IFRS.

The transition to NZ IFRS is accounted for in accordance with NZ IFRS I 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' with 1 April 2006 as the date of transition. The accounting policies described below have been applied in the preparation of these financial statements, the comparative information for the year ended 31 March 2007 and in the preparation of the opening NZ IFRS Balance Sheet as at 31 March 2006.

An explanation of how the transition from the superseded policies to NZ IFRS has affected the company's and consolidated group's financial position, financial performance and cash flows is discussed in note 29.

#### I.4 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 March 2008, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are disclosed below.

The Company invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on an estimation of usage based on certain metering data from

electricity retailers. As final wash-up metering data is not available for in excess of twelve months, it is possible that the final amounts payable or receivable may vary from that calculated.

Determining whether there has been impairment in relation to goodwill requires an assessment of the value in use of the cash generating assets with which the goodwill is associated. This is undertaken by estimating the future cashflows expected to arise and using a suitable discount rate to estimate the present value of the future cash flows. Refer to note 13(d).

A key area of estimation is the doubtful debt collective provision reflecting the non performance of the counterparties to finance receivables. A degree of estimation has been required to determine the level of current risk inherent within the loan portfolio. This has been based on historical trend analysis and discounted future cash flow projections.

Other areas where judgement has been exercised in preparing these financial statements are assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits.

## **1.5 Significant accounting policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

### **1.5.1 Basis of consolidation**

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the parent entity, and its subsidiaries as defined in NZ IAS 27 'Consolidated and Separate Financial Statements':

#### **(i) Subsidiaries**

Subsidiaries are all those entities over which the Group has control.

The Group financial statements incorporate the financial statements of the entities that comprise the consolidated group, being the parent Electra Limited and its subsidiaries, Linework and Stones Limited, Oxford Finance Corporation Limited, Oxford Finance Limited and Datacol NZ Limited. Datacol NZ Limited also includes the results of its subsidiary MultiMedia Communication Limited. Consistent accounting policies are used in the preparation and presentation of the consolidated financial statements. Non-trading entities include Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit or loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control the subsidiary.

In preparing consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Minority interest in the results and equity of subsidiaries is shown separately in the consolidated Income Statement and Balance Sheet.

#### **(ii) Associates**

Associate entities are those entities in which the Group has significant influence but not control. This is generally indicated through the holding of between 20% and 50% of the voting rights.

Investments in associates are accounted for at cost less impairment in the parent's financial statements and using the equity method in the Group financial statements.

The Group's share of the associates post acquisition profits or losses is recognised in the Income Statement and its share of post acquisition movements in reserves is recognised in reserves.

Dividends received from associates are initially recognised in the parent financial statements. Such dividends received typically reduce the equity adjustment for the share of associates post acquisition profits.

In preparing the consolidated financial statements all inter-company balances and transactions and unrealised gains arising within the Group are eliminated.

### **I.5.2 Goods and Services Tax (GST)**

Revenues, expenses, cash flows and assets are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expenses. Cash flows in respect of payments to and receipts from the Inland Revenue Department are shown net in the Statement of Cash Flows.

### **I.5.3 Revenue recognition**

Revenue comprises the fair value for the sale of goods and services, excluding GST, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

#### **(i) Sales of goods**

Revenue from the sale of goods is recognised when an entity in the Group has delivered to the buyer the significant risks and rewards of ownership of the goods.

#### **(ii) Contracting revenue**

Contracting revenue is recognised by reference to the stage of completion at balance date measured by progress invoices calculated on the basis of the percentage of the contract completed compared to the total estimated cost.

#### **(iii) Dividend revenue**

Dividend revenue is recognised when the shareholders' right to receive payment is established.

#### **(iv) Interest income**

Interest income is recognised in the Income Statement as it accrues at the effective interest rate.

#### **(v) Lending fees**

Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to interest over the life of the loan using the effective interest rate method.

#### **(vi) Commission and other fees**

Where fees are received on an ongoing basis and represent the recoupment of the costs of maintaining and administering existing loans, these fees are taken to income on an accrual basis as the service is provided.

#### **(vii) Rental income**

Rental income is recognised on an accruals basis in accord with the underlying rental agreement.

#### **(viii) Administrative income**

Administrative income, written into contracts, but not yet earned, has been excluded from gross income.

#### **(ix) Unearned income**

Unearned income is reflected as a reduction of finance receivables.

### **I.5.4 Income tax**

Current tax is based on the net profit for the period adjusted for non-deductible expenditure and non-assessable income, plus any adjustments to income tax payable in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid or refundable.

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying values of the assets and liabilities and income and expenses in the consolidated financial statements and the corresponding tax bases of those items.

In principle deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

A deferred tax liability is not recognised in relation to any taxable temporary differences arising from goodwill or in relation to temporary differences arising from the initial recognition of assets or liabilities, which affect neither taxable income, or accounting profit. Similarly deferred tax liabilities are not recognised where temporary differences arise on acquisition of subsidiaries, associates and joint ventures where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets or liabilities giving rise to them are realised or settled, based on tax rates (and

tax laws) that have been enacted or substantively enacted at reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company or Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the current or deferred tax is also recognised directly in equity or where it arises from the initial accounting for a business combination in which case it is taken into account in the determination of goodwill or excess.

### 1.5.5 Offsetting

Offsetting of assets and liabilities does not occur unless there is a legally enforceable right or it is expressly permitted by a standard.

### 1.5.6 Inventory and work in progress

Inventories predominantly comprise network system spares and materials and are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with direct overheads.

Net realisable value is the estimated amount the inventories are expected to realise in the ordinary course of business less an estimate of any costs to completion and applicable variable selling expenses.

### 1.5.7 Construction contracts

Revenue from contracts is recognised by reference to the recoverable costs incurred during the period plus the percentage of fees earned.

Where a loss is expected to occur, it is recognised immediately and is made for both work in progress completed to date and for future work on the contract.

### 1.5.8 Plant, property and equipment and depreciation

Land and buildings and the electricity distribution network are valued at deemed cost.

Deemed cost is the fair value of the land and buildings and electricity distribution network at the latest valuation plus additions at cost. Cost is determined as the fair value of consideration paid to get an item of property, plant and equipment into its intended use. Consideration is given as to whether the assets are impaired as detailed in note 1.5.9.

All other property, plant and equipment assets are accounted for at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of assets constructed by the Group includes all materials used in construction, direct labour and direct overheads.

Depreciation is provided on plant, property and equipment, including freehold buildings but excluding land.

Depreciation on buildings and the electricity distribution system is charged to profit and loss. On the subsequent sale or retirement of an asset, the difference between the carrying value and the net proceeds received is recognised through profit or loss.

Depreciation is calculated for buildings and electricity distribution assets so as to write off the cost of each asset over its expected useful life to its estimated residual value. Other property, plant and equipment items are depreciated so as to expense the cost of the assets over their useful lives.

The following rates are used in the calculation of depreciation:

Category		
Distribution plant and equipment (including buildings at cost)	1% – 50%	straight line and diminishing value
Other buildings at cost	2% - 36%	straight line
Other plant and equipment	7.8% - 50%	straight line and diminishing value
Motor vehicles	10% - 33.3%	diminishing value

### **1.5.9 Impairment of assets**

The Group reviews the carrying value of its tangible assets (primarily the electricity distribution network and investments) at balance date to determine whether there is any indication that the assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The Group considers that the electricity network represents a single cash generating unit for the purposes of impairment assessment, and the individual subsidiaries are cash generating units as they each derive their own cash flows.

Goodwill and other intangible assets are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Any impairment to goodwill is not subsequently reversed.

The recoverable amount is the higher of fair value (less the costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, then the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit and loss immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. A reversal of an impairment loss is recognised in profit and loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **1.5.10 Intangible assets**

#### **(i) Goodwill**

Goodwill representing the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is

recognised immediately in profit or loss and not subsequently reversed. Refer also to note 1.5.9

#### **(ii) Software**

Computer software is capitalised as an intangible asset of finite life on the basis of the costs incurred to acquire and bring the software into service and it is amortised over its expected useful economic life. Usually this period does not exceed three years. Costs associated with improving and maintaining computer software programmes are recognised as expenses as incurred.

#### **(iii) Easements**

Easements obtained in relation to access, construction and maintenance of electricity distribution system assets are capitalised as assets to the extent of survey, legal and registration costs and any lump sum payments made to landowners in exchange for certain rights. Such easements are capitalised and amortised over the duration of the agreement.

### **1.5.11 Employee benefits**

Provision is made for employee entitlements accruing in relation to wages and salaries, annual leave, long service leave, retiring gratuities and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits expected to be settled within the next 12 months are measured at the amounts expected to be paid when the obligations are settled. Provisions made in relation to employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees to the Group up to reporting date. In relation to retirement gratuities the present value calculations also provide for the probability of the employees completing employment to the point of entitlement (retirement).

Contributions to defined contribution superannuation schemes are expensed when incurred.

### **I.5.12 Financial instruments issued by the group**

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Financial assets and liabilities are not offset unless there is a legally enforceable right, or where required by a standard.

### **I.5.13 Financial assets**

#### **(i) Investments**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

#### **(ii) Loans and receivables**

Accounts receivable are initially measured at fair value and are subsequently recognised at amortised cost less impairment using the effective interest rate. All known bad debts are written off during the financial year. Inter-group balances due from associates and subsidiaries are stated at amortised cost less impairment.

#### **(iii) Finance receivables**

Finance receivables, comprising hire purchase contracts, mortgage advances and dealer floorplans are initially measured at fair value at trade date and are subsequently measured at amortised cost under the effective interest method plus any directly attributable transaction costs, less impairment.

Finance receivables include 'impaired assets' comprising:

- 'non-accrual loans' being loans where we do not expect to be able to collect all the amounts owing in terms of the contract.
- 'assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.

- 'restructured loans' are impaired assets for which the original contracted terms have been concessionally modified due to the counterparties difficulties in complying with the original terms, the revised terms of the facility are not comparable with the terms of new facilities with comparable risks, and on which interest continues to be accrued at a rate which is equal to or greater than the Company's average cost of funds at the date of restructuring.
- 'Past due assets' are finance receivables where a counterparty has failed to make a payment when contractually due.
- '90 day past due assets' are financial receivables which have not been operated by the counterparty within the key terms of the agreement for at least 90 days but which are not impaired assets.

An impairment loss is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Income Statement.

#### **(iv) Bad debts and doubtful debts provisioning**

Finance receivables are written down, by way of a specific write off or collective provision, to their expected net collectable amounts with the amount written off or provided recognised as an expense in the Income Statement.

- Specific provisions: Specific provisions are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The company identifies impaired assets where the security has been repossessed and sold due to a breach of agreement. Also where the security has become damaged or written off.

- Collective provisions: Loans that are not known to be impaired are grouped together according to their risk characteristics and are then assessed for objective evidence of impairment of the balance at reporting date. The appropriate collective provision is raised, based on historical loss data and current available information for assets with similar risk characteristics. From analysis undertaken this benchmark has been consistent with the historical level of bad debts experienced in these portfolios.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the Income Statement.

#### **1.5.14 Financial liabilities**

##### **(i) Payables**

Trade payables and other accounts payable are recognised at fair value when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are subsequently recognised at amortised cost.

##### **(ii) Borrowings and debentures**

Borrowings are recorded initially at fair value net of any transaction costs. Borrowings are subsequently recognised at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method. Borrowings are classified as non current liabilities where the company holds an agreement with the lender which includes the right to settle the liability in an accounting period at least 12 months after the balance date.

Borrowing costs are expensed using the effective interest rate method. No borrowing costs have been capitalised.

##### **(iii) Intercompany payables**

These payables are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest method. In preparing the group financial statements they are eliminated in full.

#### **1.5.15 Foreign currency transactions**

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value is determined.

Exchange differences on foreign currency balances are recognised in the Income Statement in the period in which they arise.

#### **1.5.16 Cash flows**

Cash and cash equivalents - comprise cash on hand, cash in banks (including bank overdrafts) and demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Cash flows are inflows and outflows of cash and cash equivalents.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

### **I.5.17 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be reliably measured.

### **I.5.18 Funds management activities**

The Group does not manage funds on behalf of other parties or engage in other fiduciary activities.

### **I.5.19 Operating leases**

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term. There are no leases classified as finance leases.

### **I.5.20 Non-current assets held for sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not amortised or depreciated.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

### **I.5.21 Changes in accounting policy**

There have been no changes in accounting policies other than those required by NZ IFRS as detailed in Note 29.

### **I.6 Standards and interpretations in issue not yet adopted**

At the date of authorisation of the Financial Report, a number of standards and interpretations were in issue but not yet effective.

Initial application of the following standards will not affect any of the amounts recognised in the financial report, but will change the presentation and disclosures presently made in relation to the Company's and Group's Financial Report:

<b>Standard</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
NZ IFRS-8 'Operating Segments'	1 January 2009	31 March 2010
NZ IAS-1 'Presentation of Financial Statements' – revised standard	1 January 2009	31 March 2010

### **NZ IAS-1**

The revised NZ IAS 1 requires the presentation of all recognised income and expenses in one statement (a statement of comprehensive income) or in two statements (an income statement and a statement of comprehensive income), separately from owner changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements.

Initial application of the following standards and interpretations is not expected to have any material impact to the financial report of the Company and Group:

<b>Standard / Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
NZ IAS-23 'Borrowing Costs' - revised standard	1 January 2009	31 March 2010
IFRS-3 'Business Combinations' - revised standard	1 July 2009	31 March 2011
IAS-27 'Consolidated and Separate Financial Statements' - revised standard	1 July 2009	31 March 2011

### **NZ IAS-23 (revised)**

NZ IAS-23 (July 2004) permits an entity to either expense or capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Under NZ IAS-23 (revised), entities are no longer permitted to choose between alternate treatments and must capitalise borrowing costs relating to qualifying assets.

NZ IAS-23 (revised) is generally to be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

### **IFRS-3 (revised) and IAS-27 (revised)**

The revised IFRS-3 and IAS-27 together change the accounting for business combinations.

Key changes to IFRS-3 affect the recognition and measurement rules for pre-existing contracts, costs incurred in a business combination, and the calculation of goodwill for business combinations achieved in stages. The revised IFRS-3 also provides two options for measurement of minority interest, requires the reassessment and designation of existing

contractual arrangements, and restricts subsequent changes to the initial measurement of contingent consideration.

Key changes to the revised IAS-27 include the requirement to record changes in a parent's ownership interest in a subsidiary that do not result in a loss of control within shareholders' equity and the requirement upon loss of control of a subsidiary to remeasure to fair value the remaining investment in the former subsidiary. By consequential amendment to IAS-28 and IAS-31, the treatment required for loss of control is extended to investments in associates and joint ventures. The revised NZ IAS-27 also requires a parent to attribute the minority interest's share of total comprehensive income to the minority interest even when this would result in the minority interest having a deficit balance.

The revised IFRS-3 and revised IAS-27 are to be applied prospectively to business combinations and changes in control in reporting periods beginning on or after 1 July 2009. Accordingly no restatements will be required in respect of transactions prior to the date of adoption.

## 2. Net Profit Before Taxation

### Operating revenue

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Sales - distribution	26,390	25,353	25,963	25,353
Sales - contracting	25,040	12,553	-	-
Interest revenue – lending	6,172	5,329	-	-
Interest revenue – impaired loans	71	53	-	-
Interest revenue – related parties	-	-	115	-
Interest revenue – bank deposits	41	73	14	42
Dividend revenue - subsidiaries	-	-	1,905	970
Dividend revenue - associates	-	-	80	-
Other revenue	2,120	1,639	192	211
<b>Total operating revenue</b>	<b>\$59,834</b>	<b>\$45,000</b>	<b>\$28,696</b>	<b>\$26,576</b>

### Net profit before taxation

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Net profit before taxation</b>	<b>\$3,073</b>	\$2,536	<b>\$875</b>	\$318
After charging / (crediting)				
Auditors remuneration:				
audit services	194	105	64	33
other services	114	-	87	-
Bad debts	738	646	67	71
Change in provision for doubtful debts	(252)	104	-	-
Depreciation	4,437	3,969	3,913	3,649
Intangible assets amortisation	183	188	33	177
Goodwill impairment	1,383	-	-	-
Directors' fees	208	167	208	167
Defined contribution plan expense	170	101	30	25
Employee costs	9,896	6,904	1,118	992
Interest - Oxford Finance	3,712	3,147	-	-
Interest - bank borrowing	2,158	1,362	1,989	1,362
Investment impairment	-	-	893	-
Loss on sale of property, plant & equipment	424	325	421	319
Inventory expensed	8,750	7,167	-	-
Rental and lease costs	482	486	43	48
<b>*Depreciation, amortisation and impairment</b>				
Depreciation of non-current assets	4,437	3,969	3,913	3,649
Amortisation of non-current assets	183	188	33	177
Impairment of assets	1,383	-	893	-
	<b>\$6,003</b>	<b>\$4,157</b>	<b>\$4,839</b>	<b>\$3,826</b>

### Consumer sales discount

A total of \$7.4 million plus GST was credited to consumers during the year to 31 March 2008 (\$8.9 million plus GST during the year to 31 March 2007).

### 3. Taxation

The income taxation expense on pre-tax accounting profit reconciles to the income tax expense as follows:

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Operating surplus before income taxation	3,073	2,536	875	318
Income taxation on the surplus for the period at 33%	1,014	837	289	105
Taxation effect of temporary differences	417	200	(373)	(258)
Adjustment for change in tax rate from 33% to 30% effective 1 April 2008	60	-	36	-
<b>Taxation expense</b>	<b>1,491</b>	<b>1,037</b>	<b>(48)</b>	<b>(153)</b>
<b>Taxation expense comprised of:</b>				
Current tax expense	1,671	1,277	310	124
Deferred tax expense	(240)	(240)	(394)	(277)
Change in tax rate	60	-	36	-
<b>Total</b>	<b>\$1,491</b>	<b>\$1,037</b>	<b>(\$48)</b>	<b>(\$153)</b>

## Deferred tax

Group	Opening Balance	Charged to Income	Charged to Equity	Acquisitions/ Disposals	Change in Tax Rate	Closing Balance
31 March 2008	\$000	\$000	\$000	\$000	\$000	\$000

### Gross deferred tax liabilities

Provisions	184	12	-	-	(8)	188
Doubtful debts and impairment	246	(48)	-	-	(17)	181
Property, plant and equipment	(21,245)	276	-	-	(35)	(21,004)
Other	-	-	-	-	-	-
	<b>(\$20,815)</b>	<b>\$240</b>	<b>-</b>	<b>-</b>	<b>(\$60)</b>	<b>(\$20,635)</b>

Group	Opening Balance	Charged to Income	Charged to Equity	Acquisitions/ Disposals	Change in Tax Rate	Closing Balance
31 March 2007	\$000	\$000	\$000	\$000	\$000	\$000

### Gross deferred tax liabilities

Provisions	156	28	-	-	-	184
Doubtful debts and impairment	257	(11)	-	-	-	246
Property, plant and equipment	(21,487)	242	-	-	-	(21,245)
Other	19	(19)	-	-	-	-
	<b>(\$21,055)</b>	<b>\$240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$20,815)</b>

Parent	Opening Balance	Charged to Income	Charged to Equity	Acquisitions/ Disposals	Change in Tax Rate	Closing Balance
31 March 2008	\$000	\$000	\$000	\$000	\$000	\$000

### Gross deferred tax liabilities

Provisions	50	11	-	-	(1)	60
Doubtful debts and impairment	12	-	-	-	-	12
Property, plant and equipment	(21,211)	383	-	-	(35)	(20,863)
Other	-	-	-	-	-	-
	<b>(\$21,149)</b>	<b>\$394</b>	<b>-</b>	<b>-</b>	<b>(\$36)</b>	<b>(\$20,791)</b>

Parent	Opening Balance	Charged to Income	Charged to Equity	Acquisitions/ Disposals	Change in Tax Rate	Closing Balance
31 March 2007	\$000	\$000	\$000	\$000	\$000	\$000

### Gross deferred tax liabilities

Provisions	37	13	-	-	-	50
Doubtful debts and impairment	12	-	-	-	-	12
Property, plant and equipment	(21,494)	283	-	-	-	(21,211)
Other	-	(19)	-	-	-	-
	<b>(\$21,426)</b>	<b>\$277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$21,149)</b>

The tax rate used in the above reconciliation of deferred tax for all adjustments that will reverse after 1 April 2008 is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law (which will apply from the 2009 income year, commencing 1 April 2008 for the Company).

### Imputation credit account

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Opening balance	1,542	616	1,109	394
Imputation credits attached to dividends received/(paid)	(39)	-	978	478
Payments during the year	1,937	883	184	215
Other	14	43	(97)	22
<b>Closing balance</b>	<b>\$3,454</b>	<b>\$1,542</b>	<b>\$2,174</b>	<b>\$1,109</b>

### 4. Rental and Leases

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
No later than one year	743	250	29	27
Later than one year and not later than five years	738	98	11	17
	<b>\$1,481</b>	<b>\$348</b>	<b>\$40</b>	<b>\$44</b>

Rental and operating lease commitments: These are of a rental nature and are on normal commercial terms and conditions. The majority of the lease commitments are for building accommodation. The remainder relate to vehicles and equipment. There are no contingent rents payable and all leases are subject to renewals at the election of Electra.

## 5. Remuneration of Auditors

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Audit of the financial statements	194	105	64	33
Audit of the NZ IFRS transition	48	-	45	-
Audit related services or review of the financial statements not reported above	5	-	-	-
Taxation services	61	-	42	-
	<b>\$308</b>	<b>\$105</b>	<b>\$151</b>	<b>\$33</b>

The auditor of Electra Limited and its subsidiaries is G Mitchell of Deloitte on behalf of the Auditor-General.

Audit related services comprise the review of Electra Limited's regulatory disclosures in accordance with the Electricity (Info Disclosure) Requirements and the Threshold Compliance Statement under Part 4A of the Commerce Act 1986 and amendment notices.

Taxation services include a charge for providing taxation advice, compliance assistance and preparation of taxation returns.

## 6. Receivables and Prepayments

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade receivables	5,266	2,711	1,181	692
Intercompany receivable	-	-	800	2,600
GST receivable	839	55	839	42
Tax receivable	-	91	-	91
Prepayments	161	66	52	58
	<b>6,266</b>	<b>2,923</b>	<b>2,872</b>	<b>3,483</b>
Less provision for doubtful debts	(100)	(50)	(40)	(40)
	<b>\$6,166</b>	<b>\$2,873</b>	<b>\$2,832</b>	<b>\$3,443</b>

An allowance has been made for estimated irrecoverable amounts from the provision of goods and services, determined by reference to past default experience. The net movement in the allowance was recognised in the Income Statement for the current financial year.

There are no significant concentrations of credit risk within trade receivables.

## 7. Finance Receivables

Finance lending is provided to clients in the form of hire purchase contracts, mortgages and dealer floorplans.

	Group	
	2008	2007
	\$000	\$000
Finance receivables	52,236	48,316
Less provision for unearned interest	(73)	(241)
Total	52,163	48,075
Less provision for doubtful debts	(505)	(806)
<b>Total finance receivables</b>	<b>\$51,658</b>	<b>\$47,269</b>
<b>Due for repayment</b>		
Within one year	30,978	28,582
Less provision for doubtful debts	(505)	(806)
Net within one year	30,473	27,776
Between one and two years	12,467	11,397
Over two years	8,718	8,096
<b>Total</b>	<b>\$51,658</b>	<b>\$47,269</b>

## 8. Property Held for Sale

	Group and Parent	
	2008	2007
	\$000	\$000
<b>27 Bristol Street, Levin</b>	<b>\$163</b>	<b>\$163</b>

Land at 27 Bristol Street, Levin is available for sale and is listed with local Real Estate Agents. Any sale will be at the market value determined at the time of sale. The above valuation is the lower of cost or expected market value at balance date.

## 9. Inventories and Work in Progress

	Group	
	2008	2007
	\$000	\$000
Inventory	114	39
Work in progress	472	529
	<b>\$586</b>	<b>\$568</b>

## 10. Financial Instruments

For specifics relating Oxford Finance Corporation Limited, refer to note 11.

### Credit risk

Credit risk is the potential that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing loss.

Financial assets which potentially subject the Company and the subsidiaries to credit risk principally consist of bank balances, accounts receivable and in the case of the Company, advances to subsidiaries and the guarantee it has made in regard to the deposits of Oxford Finance Corporation Limited which the Company and Group consider is covered within the general liquidity management.

The Company and the Group manages its principal credit risks by having Use of System Agreements with its major customers to maintain a minimum credit rating of BBB or better and performing credit evaluations on customers requiring advances.

The status of trade receivables as at reporting date is as follows:

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade receivables				
Not past due	3,836	2,230	1,914	3,226
Past due 0 – 30 days	753	347	44	10
Past due 31- 60 days	169	26	22	-
Past due more than 60 days	508	108	1	56
	<b>\$5,266</b>	<b>\$2,711</b>	<b>\$1,981</b>	<b>\$3,292</b>

The above maximum exposures are net of any recognised provision for losses on these financial assets. No collateral is held on the above amounts.

The levels of potential credit exposure resulting from the Company's guarantees for subsidiary funding are as follows:

### Guarantees for subsidiary funding

	Company	
	2008	2007
	\$000	\$000
Bank funding	7,180	950
Oxford Debenture Guarantee	42,870	-
	<b>\$50,050</b>	<b>\$950</b>

Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings.

### Concentrations of credit risk

The Company has exposures to concentrations of credit risk by having six line customers. This is managed as mentioned above through the Use of System Agreements.

### Foreign currency risk

The Company and Group has no material exposure to foreign exchange risk.

### Interest rate risk

#### Liabilities

The interest rate risk exposure is limited to bank borrowings and secured debenture stock. The Company has no interest hedge contracts.

#### Fair values

The carrying amounts recorded in the Statement of Financial Position as at 31 March 2008 are considered to be their fair values for all classes of financial instruments with the exception of bank borrowings, investments in subsidiaries and amounts which are not able to be determined because there is no available market data.

### Financial Instrument Carrying Values by Category - Group

As at 31 March 2008	Interest Rate %	Total \$000	0 - 12 Months \$000	1 - 2 Years \$000	2 - 5 Years \$000	Over 5 Years \$000
<b>Financial assets</b>						
Cash and cash equivalents		1,671	1,671	-	-	-
Trade receivables		6,005	6,005	-	-	-
Financial receivables	14.70	51,658	30,473	12,467	8,000	718
<b>Total financial assets at amortised cost</b>		<b>\$59,334</b>	<b>\$38,149</b>	<b>\$12,467</b>	<b>\$8,000</b>	<b>\$718</b>
<b>Financial liabilities</b>						
Trade and other payable	N/A	7,551	7,551	-	-	-
Secured debenture stock	8.80	42,870	36,434	6,194	242	-
Loans	8.25	35,288	3,469	8,500	19,319	4,000
<b>Total financial liabilities at amortised cost</b>		<b>\$85,709</b>	<b>\$47,454</b>	<b>\$14,694</b>	<b>\$19,561</b>	<b>\$4,000</b>

<b>As at 31 March 2007</b>	<b>Interest Rate %</b>	<b>Total \$000</b>	<b>0 - 12 Months \$000</b>	<b>1 - 2 Years \$000</b>	<b>2 - 5 Years \$000</b>	<b>Over 5 Years \$000</b>
<b>Financial assets</b>						
Cash and cash equivalents		794	794	-	-	-
Trade receivables		2,558	2,558	-	-	-
Financial receivables	12.00	47,269	27,776	11,397	7,661	435
<b>Total financial assets at amortised cost</b>		<b>\$50,621</b>	<b>\$31,128</b>	<b>\$11,397</b>	<b>\$7,661</b>	<b>\$435</b>
<b>Financial liabilities</b>						
Trade and other payables	N/A	8,086	8,086	-	-	-
Secured debenture stock	7.99	39,902	28,053	11,266	583	-
Loans	7.45	21,720	7,000	2,000	12,720	-
<b>Total financial liabilities at amortised cost</b>		<b>\$69,708</b>	<b>\$43,139</b>	<b>\$13,266</b>	<b>\$13,303</b>	<b>-</b>

### Financial Instrument Carrying Values by Category - Parent

<b>As at 31 March 2008</b>	<b>Interest Rate %</b>	<b>Total \$000</b>	<b>0 - 12 Months \$000</b>	<b>1 - 2 Years \$000</b>	<b>2 - 5 Years \$000</b>	<b>Over 5 Years \$000</b>
<b>Financial assets</b>						
Cash and cash equivalents		775	775	-	-	-
Trade receivables		1,980	1,980	-	-	-
Intercompany receivables		800	800	-	-	-
<b>Total financial assets at amortised cost</b>		<b>3,555</b>	<b>3,555</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Trade and other payable	N/A	6,023	6,023	-	-	-
Loans	8.0	29,922	2,102	8,500	15,320	4,000
<b>Total financial liabilities at amortised cost</b>		<b>\$35,945</b>	<b>\$8,125</b>	<b>\$8,500</b>	<b>\$15,320</b>	<b>\$4,000</b>

<b>As at 31 March 2007</b>	<b>Interest Rate %</b>	<b>Total \$000</b>	<b>0 - 12 Months \$000</b>	<b>1 - 2 Years \$000</b>	<b>2 - 5 Years \$000</b>	<b>Over 5 Years \$000</b>
<b>Financial assets</b>						
Cash and cash equivalents		154	154	-	-	-
Trade receivables		785	785	-	-	-
Receivables - other		2,600	2,600	-	-	-
<b>Total financial assets at amortised cost</b>		<b>\$3,539</b>	<b>\$3,539</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Trade and other payables	N/A	7,111	7,111	-	-	-
Loans	7.45	21,720	7,000	2,000	12,720	-
Intercompany loans	N/A	48	48	-	-	-
<b>Total financial liabilities at amortised cost</b>		<b>\$28,789</b>	<b>\$14,069</b>	<b>\$2,000</b>	<b>\$12,720</b>	<b>-</b>

## Liquidity risk

Liquidity risk represents the risk that the group may not have the financial ability to meet its contractual obligations. The group evaluates its liquidity requirements on an ongoing basis. Facilities of \$26.5 million exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity.

## Contractual Maturity Analysis

### Financial Instrument Carrying Values by Category - Group

As at 31 March 2008										
	Int	Total	On	0 - 6	6 - 12	1 - 2	2 - 3	3 - 4	4 - 5	Over 5
	Rate %		Call	Mths	Mths	Years	Years	Years	Years	Years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>										
Trade and other receivables	N/A	5,266	3,836	1,430	-	-	-	-	-	-
Cash and cash equivalents	8.85	1,671	1,671	-	-	-	-	-	-	-
Finance receivables	14.7	59,304	-	24,159	11,061	14,000	6,776	2,025	375	908
<b>Total financial assets</b>		<b>\$66,241</b>	<b>\$5,507</b>	<b>\$25,589</b>	<b>\$11,061</b>	<b>\$14,000</b>	<b>\$6,776</b>	<b>\$2,025</b>	<b>\$375</b>	<b>\$908</b>
<b>Financial liabilities</b>										
Debt finance	8.25	42,170	111	1,473	3,333	10,836	14,312	5,035	2,882	4,188
Trade and other payables	N/A	6,206	-	6,206	-	-	-	-	-	-
Secured debenture stock	8.80	44,233	3,065	16,965	17,232	6,702	254	15	-	-
<b>Total financial liabilities</b>		<b>\$92,609</b>	<b>\$3,176</b>	<b>\$24,644</b>	<b>\$20,565</b>	<b>\$17,538</b>	<b>\$14,566</b>	<b>\$5,050</b>	<b>\$2,882</b>	<b>\$4,188</b>

### Financial Instrument Carrying Values by Category - Parent

As at 31 March 2008										
	Int	Total	On	0 - 6	6 - 12	1 - 2	2 - 3	3 - 4	4 - 5	Over 5
	Rate %		Call	Mths	Mths	Years	Years	Years	Years	Years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>										
Cash and cash equivalents	8.85	775	775	-	-	-	-	-	-	-
Trade and other receivables	N/A	1,980	1,980	-	-	-	-	-	-	-
Intercompany receivables		800	800	-	-	-	-	-	-	-
<b>Total financial assets</b>		<b>\$3,555</b>	<b>\$3,555</b>	-	-	-	-	-	-	-
<b>Financial liabilities</b>										
Debt finance	8.25	36,903	102	1,212	3,143	10,413	9,928	5,035	2,882	4,188
Trade and other payables	N/A	6,023	-	6,023	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>\$42,926</b>	<b>\$102</b>	<b>\$7,235</b>	<b>\$3,143</b>	<b>\$10,413</b>	<b>\$9,928</b>	<b>\$5,035</b>	<b>\$2,882</b>	<b>\$4,188</b>

## Capital management

The Group's capital includes share capital, reserves and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is subject to the following capital requirements:

Statement of Corporate Intent imposes a restriction that the parent will maintain shareholder funds at not less than 50% (2007:40%) of total assets.

- (a) Bank covenants:
  - (i) Ratio of EBIT (Group earnings before interest, taxation and customer discounts) to interest paid to be no less than 2.75 times
  - (ii) Annual accounts to be provided within 120 days of balance date
- (b) Oxford Finance is subject to further covenant as detailed in the following note.
  - (iii) Half yearly accounts to be provided within 120 days of period end
  - (iv) Cashflow forecast for ensuing year to be provided to the bank annually within one month of end of year balance date and upon revision
  - (v) Group equity to be maintained at a level greater than 50% of total tangible assets. The Group has breached this requirement with the equity level at 46.5% as at 31 March 2008. This result is a technical breach brought about by the requirement to fully recognise the deferred tax liability under NZ IFRS. This ratio will be reassessed in negotiation with the bank in the 2008/09 year.

## 11. Financial Instruments – (Oxford Finance Corporation Limited)

### Management policies

Interest rate risks are monitored on a regular basis and advice taken on likely trends. Oxford Finance Corporation Limited's (Oxford Finance) policy is to match interest rate risk, and interest rate exposures are reported to and reviewed regularly by the Board of Directors.

### Credit risk

The nature of Oxford Finance's activities as a finance institution necessitates Oxford Finance dealing in financial instruments that contain an inherent element of credit risk.

Financial instruments which potentially subject Oxford Finance to credit risk principally consist of, hire purchase contracts, mortgage advances, dealer floorplans and bank deposits.

For all customers requiring advances and hire purchase loans Oxford Finance performs credit evaluations. The approval process considers a number of factors including; borrowers' past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through motor vehicle dealer clients. Dealer floorplans are secured by first charges taken over vehicle stock.

Maximum exposures to credit risk as at balance date are:

	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	<b>354</b>	98
Finance receivables	<b>51,763</b>	47,518
Trade and other receivables	<b>3</b>	-
<b>Total exposure to credit risk</b>	<b>52,120</b>	<b>47,616</b>
Amounts neither past due nor impaired		
Cash and cash equivalents	<b>354</b>	98
Finance receivables	<b>50,085</b>	46,797
Trade and other receivables	<b>3</b>	-
<b>Total</b>	<b>\$50,442</b>	<b>\$46,895</b>

The above maximum exposures are net of any recognised provision for losses in these financial statements.

There are no indicators to suggest that credit quality of these assets are impaired.

## Sensitivity analysis

In managing interest rate risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. The impact on profit of future funding interest rate changes would be mitigated by increasing the rates charged to borrowers.

The principal exposure to rate increases is for 'on call' investments whereby the increases can not be past immediately onto borrowers. This exposure is managed by the Company having policies limiting the percentage of on call funds to total funding of under 10%. At 31 March 2008 on call funds were 7.15% (31 March 2007 – 5.92%).

### Potential impact of interest rate change:

If either the market funding or lending rates increase but with no corresponding increase in either Oxford Finance's funding or the lending rates the impact on profit per annum would be as follows:

<b>Funding</b>	<b>Profit Impact per annum</b>	<b>Amount \$000</b>
Increase 1%	Decrease	(420)
Decrease 1%	Increase	420
<b>Lending</b>		
Increase 1%	Increase	520
Decrease 1%	Decrease	(520)

## Fair values

Carrying amount and fair value

	<b>2008 Carrying Value \$000</b>	<b>2008 Fair Value \$000</b>
Cash and cash equivalents	354	354
Hire purchase and mortgage advances	51,043	50,554
Dealer floorplans	1,298	1,298
<b>Total finance receivables</b>	<b>52,695</b>	<b>52,206</b>
Secured debenture stock	(42,870)	(43,368)
Bank loans	(3,500)	(3,500)
Other liabilities	(432)	(432)
<b>Total finance liabilities</b>	<b>(\$46,802)</b>	<b>(\$47,300)</b>

The fair value of loans and advances are calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the financial assets. Discount rates applied in this calculation are based on current market interest rates for loans and advances with similar credit profiles. The fair value of investments in securities is based on quoted market prices, where available, or calculated using discounted cash flow models based on current market rates. The fair value of all financial liabilities is calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the instruments. The discount rate applied in this calculation is based on current market rates.

### **Currency risk**

Oxford Finance and the Group have no material exposure to foreign exchange risk.

### **Interest rate risk profile of financial assets and liabilities**

Oxford Finance is not involved in any off balance sheet financial instruments.

The interest rate risk profile of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual re-pricing whichever is the earlier.

Interest rate risk is the risk that the value of Oxford Finance's assets and liabilities will fluctuate due to changes in market interest rates. Oxford Finance is exposed to interest rate risk by lending and borrowing at fixed interest rates for differing terms. Oxford Finance manages this

risk by matching, as far as possible, maturities on funding facilities with maturities on finance receivables.

### **Liquidity risk**

Liquidity risk is the potential for Oxford Finance to encounter difficulty meeting its financial obligations as they fall due. Policies are in place to manage liquidity on a day-to-day basis based on contractual maturities.

Oxford Finance policy for managing liquidity is to structure its investment rates offered to attract investment funds for periods that match the contractual lending maturity portfolio as displayed in the tables on page 48.

Oxford Finance is subject to cash-flow liquidity risk by borrowing funds on floating interest rates.

In order to provide additional liquidity Oxford Finance has negotiated a facility to borrow up to \$4.5m from the Bank of New Zealand. At balance date \$2.5m has been drawn as a fixed interest rate loan for three years at 8.93%. The remaining \$2m is a committed cash facility which at balance date was drawn down by \$1m at 9.90% (31 March 2007 – Nil). This facility is secured by way of a general security agreement over Electra Limited assets.

In addition Oxford Finance has the ability to borrow up to \$5m from Electra Limited through their committed cash facility with the Bank of New Zealand. The facility is secured by way of a general security agreement over Electra Limited assets. At balance date the facility had not been utilised (31 March 2007 – \$2.6m).

Debenture renewal rates have been consistent throughout the period.

## Overdues

The finance receivable balance includes impaired assets comprising the following:

As at 31 March 2008	Motor Vehicle Plant & Equip other \$000	Land & Buildings \$000	Total \$000
<b>Non accrual loans and assets acquired through enforcement of security</b>			
Carrying value at beginning of period	1,237	-	1,237
Less proceeds of sale of security	(71)	-	(71)
Impairment	327	-	327
Less bad debts written off during the period	(622)	-	(622)
<b>Closing carrying value</b>	<b>\$871</b>	<b>-</b>	<b>\$871</b>
Less			
Provision for doubtful debts - opening	(806)	-	(806)
Movement in provision during period	301	-	301
Provision for doubtful debts - closing	(505)	-	(505)
<b>Closing carrying value – net provision</b>	<b>\$366</b>	<b>-</b>	<b>\$366</b>
<b>Past due assets (90+ days)</b>			
Carrying value at beginning of period	189	-	189
Bad debts written off during the period	(40)	-	(40)
Transfer from past due assets	4	1,021	1,025
<b>Balance at end of period</b>	<b>\$153</b>	<b>\$1,021</b>	<b>\$1,174</b>
<b>As at 31 March 2007</b>			
	<b>Motor Vehicle Plant &amp; Equip other \$000</b>	<b>Land &amp; Buildings \$000</b>	<b>Total \$000</b>
<b>Non accrual loans and assets acquired through enforcement of security</b>			
Carrying value at beginning of period	1,267	-	1,267
Less proceeds of sale of security	(123)	-	(123)
Impairment	653	-	653
Less bad debts written off during the period	(560)	-	(560)
<b>Closing carrying value</b>	<b>\$1,237</b>	<b>-</b>	<b>\$1,237</b>
Less			
Provision for doubtful debts - opening	(734)	-	(734)
Movement in provision during period	(72)	-	(72)
Provision for doubtful debts - closing	(806)	-	(806)
<b>Closing carrying value – net provision</b>	<b>\$431</b>	<b>-</b>	<b>\$431</b>
<b>Past due assets (90+ days)</b>			
Carrying value at beginning of period	249	-	249
Bad debts written off during the period	(12)	-	(12)
Transfer from past due assets	(48)	-	(48)
<b>Balance at end of period</b>	<b>\$189</b>	<b>-</b>	<b>\$189</b>

<b>Past due assets 90+ days</b>	<b>0 - 90</b>	<b>91 - 120</b>	<b>121 - 150</b>	<b>151 - 180</b>	<b>181 +</b>	<b>Total</b>
	<b>days</b>	<b>days</b>	<b>days</b>	<b>days</b>	<b>days</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
<b>31 March 2008</b>	1,142	8	11	2	11	1,174
<b>31 March 2007</b>	129	2	6	7	45	189

The proportion of loans in arrears 3 months and over is 3.00% being total overdue loan balances as a portion of total loan ledger (31 March 2007 - 4.00%).

<b>Past due assets - instalment arrears less than 90 days</b>	<b>7 - 30</b>	<b>31 - 60</b>	<b>61 - 90</b>	<b>Total</b>
	<b>days</b>	<b>days</b>	<b>days</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
<b>31 March 2008</b>	165	89	54	308

### Restructured loans

<b>As at 31 March 2008</b>	<b>Motor Vehicle Plant &amp; Equip other</b>	<b>Land &amp; Buildings</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	
Balance at beginning of period	101	-	101
Restructured loans during the period	37	-	37
<b>Balance at end of period</b>	<b>\$138</b>	<b>-</b>	<b>\$138</b>

<b>As at 31 March 2007</b>			
Balance at beginning of period	46	-	46
Restructured loans during the period	55	-	55
<b>Balance at end of period</b>	<b>\$101</b>	<b>-</b>	<b>\$101</b>

### Finance receivables pledged as collateral

At 31 March 2008 finance receivables with the carrying value of \$52.3m (31 March 2007 - \$48.3m) was subject to a charge by first ranking debenture stock issued, amounting to outstanding principal and interest of \$42.8m (31 March 2007 - \$39.9m).

There are no other charges against the assets of Oxford Finance Corporation Limited.

### Floorplan exposure

The maximum amount available to existing motor vehicle dealers on floorplan arrangements is \$1.6m (31 March 2007 - \$1.6m).

The current borrowings by motor vehicle dealers under these facilities is \$1.3m (31 March 2007 - \$1.2m).

## Concentrations of lending

The majority of Oxford Finance's funds are advanced through motor vehicle dealers on hire purchase agreements. These dealers are throughout the North Island of New Zealand. Oxford Finance also provides finance on hire purchase and advances, mortgage advances, business lending and motor vehicle floorplans.

Oxford Finance's credit exposure concentrations of finance receivables are as follows:

	2008	2007
Land and buildings	29%	25%
Plant and equipment	3%	1%
Motor vehicles	64%	68%
Other	4%	6%

Oxford Finance's credit exposure concentrations within New Zealand are as follows:

	2008	2007
Auckland/Northland	14%	14%
Waikato/Bay of Plenty	20%	17%
Hawkes Bay/Gisborne	4%	5%
Taranaki/Manawatu	34%	39%
Wellington/Wairarapa	26%	24%
Canterbury/Westland/ South Island	2%	1%

All credit risks are in New Zealand.

Concentrations of geographic funding:

Oxford Finance's concentrations of secured debenture stock funding are as follows:

	2008	2007
Auckland/Northland	1%	1%
Waikato/Bay of Plenty	4%	5%
Hawkes Bay/Gisborne	1%	1%
Taranaki/Manawatu	85%	83%
Wellington/Wairarapa	8%	9%
Canterbury/Westland/ South Island	1%	1%

## Large counterparties

As at 31 March 2008 Oxford Finance had the following numbers of counterparties and groups of closely related counterparties with credit exposure equalling or exceeding 10% of equity:

Percentage of Equity	Number of Counterparties	
	2008	2007
10 - 20%	5	3
20 - 30%	2	3
40 - 50%	-	1
50 - 60%	-	1
60 - 70%	1	-

## Capital management

Oxford Finance maintains capital in the form of ordinary issued shares and retained profits held within the Company.

Oxford Finance is governed by a Debenture Trust Deed which provides that it shall not raise any money on the security of a prior charge if the principal moneys secured by prior charges would exceed 5% of total tangible assets and complied with the Trust Deed throughout the period.

## 12. Property, Plant and Equipment

<b>Group</b>	<b>Distribution Plant &amp; Equip. (incl. Land &amp; Buildings) at Cost \$000</b>	<b>Other Land &amp; Buildings at Cost \$000</b>	<b>Other Plant &amp; Equipment at Cost \$000</b>	<b>Motor Vehicles at Cost \$000</b>	<b>Other Capital Work in Progress at Cost \$000</b>	<b>Total \$000</b>
<b>Cost or fair value</b>						
Balance as at 1 April 2006	109,547	1,160	1,906	2,057	1,033	115,703
Additions	-	40	379	856	5,043	6,318
Disposals	(344)	-	(217)	(26)	-	(587)
Transfer to/from capital work in progress	3,597	764	-	-	(4,544)	(183)
<b>Balance as at 31 March 2007</b>	<b>112,800</b>	<b>1,964</b>	<b>2,068</b>	<b>2,887</b>	<b>1,532</b>	<b>121,251</b>
Balance as at 1 April 2007	112,800	1,964	2,068	2,887	1,532	121,251
Additions	-	1	569	1,086	8,640	10,296
Disposals	(659)	-	(147)	(287)	-	(1,093)
Transfer to/from capital work in progress	7,876	-	-	-	(8,295)	(419)
<b>Balance as at 31 March 2008</b>	<b>120,017</b>	<b>1,965</b>	<b>2,490</b>	<b>3,686</b>	<b>1,877</b>	<b>130,035</b>
<b>Depreciation and impairment losses</b>						
Balance as at 1 April 2006	(8,667)	(60)	(1,407)	(1,266)	-	(11,400)
Depreciation charge	(3,579)	(49)	(136)	(205)	-	(3,969)
Disposals	49	3	176	15	-	243
<b>Balance as at 31 March 2007</b>	<b>(12,197)</b>	<b>(106)</b>	<b>(1,367)</b>	<b>(1,456)</b>	<b>-</b>	<b>(15,126)</b>
Balance as at 1 April 2007	(12,197)	(106)	(1,367)	(1,456)	-	(15,126)
Depreciation charge	(3,821)	(61)	(258)	(297)	-	(4,437)
Disposals	221	-	134	206	-	561
<b>Balance as at 31 March 2008</b>	<b>(15,797)</b>	<b>(167)</b>	<b>(1,491)</b>	<b>(1,547)</b>	<b>-</b>	<b>(19,002)</b>
<b>Carrying amounts</b>						
At 31 March 2007	100,603	1,858	701	1,431	1,532	106,125
<b>At 31 March 2008</b>	<b>\$104,220</b>	<b>\$1,798</b>	<b>\$999</b>	<b>\$2,139</b>	<b>\$1,877</b>	<b>\$111,033</b>

<b>Parent</b>	<b>Distribution Plant &amp; Equip. (incl. Land &amp; Buildings) at Cost \$000</b>	<b>Other Land &amp; Buildings at Cost \$000</b>	<b>Other Plant &amp; Equipment at Cost \$000</b>	<b>Motor Vehicles at Cost \$000</b>	<b>Other Capital Work in Progress at Cost \$000</b>	<b>Total \$000</b>
<b>Cost or fair value</b>						
Balance as at 1 April 2006	109,547	199	779	93	1,033	111,651
Additions	-	-	17	58	5,043	5,118
Disposals	(344)	-	(190)	(26)	-	(560)
Transfer to/from capital work in progress	3,780	764	-	-	(4,544)	-
<b>Balance as at 31 March 2007</b>	<b>112,893</b>	<b>963</b>	<b>606</b>	<b>125</b>	<b>1,532</b>	<b>116,209</b>
Balance as at 1 April 2007	112,893	963	606	125	1,532	116,209
Additions	-	-	19	175	8,640	8,834
Transfer to/from capital work in progress	8,295	-	-	-	(8,295)	-
Disposals	(659)	-	(1)	(66)	-	(726)
<b>Balance as at 31 March 2008</b>	<b>120,619</b>	<b>963</b>	<b>624</b>	<b>234</b>	<b>1,877</b>	<b>124,317</b>
<b>Depreciation and impairment losses</b>						
Balance as at 1 April 2006	(8,667)	-	(700)	(53)	-	(9,420)
Depreciation charge	(3,579)	(15)	(31)	(24)	-	(3,649)
Disposals	49	-	158	15	-	222
<b>Balance as at 31 March 2007</b>	<b>(12,197)</b>	<b>(15)</b>	<b>(573)</b>	<b>(62)</b>	<b>-</b>	<b>(12,847)</b>
Balance as at 1 April 2007	(12,197)	(15)	(573)	(62)	-	(12,847)
Depreciation charge	(3,821)	(30)	(19)	(43)	-	(3,913)
Disposals	221	-	2	52	-	275
<b>Balance as at 31 March 2008</b>	<b>(15,797)</b>	<b>(45)</b>	<b>(590)</b>	<b>(53)</b>	<b>-</b>	<b>(16,485)</b>
<b>Carrying amounts</b>						
At 31 March 2007	100,786	948	33	63	1,532	103,362
<b>At 31 March 2008</b>	<b>\$104,822</b>	<b>\$918</b>	<b>\$34</b>	<b>\$181</b>	<b>\$1,877</b>	<b>\$107,832</b>

## Valuation

Land and buildings and the electricity distribution network is valued at deemed cost. Deemed cost is the fair value of the land and buildings and electricity distribution network at the most recent valuation and then adjusted for subsequent additions at cost, removals and depreciation to determine deemed cost at the date of IFRS adoption.

All other assets are recorded at cost.

## I2(a) Prior period adjustment

A number of assets that had been replaced before the end of their economic life have been identified as not being disposed of in the correct reporting period. The assets concerned are network distribution transformers and switchgear.

The book value of the replaced assets to be written off is considered material and therefore it is appropriate to reflect the impact into the related prior periods.

### Impact on prior periods:

2006	Group and Parent \$000
<b>Statement of Changes in Equity</b>	
Retained earnings at end of year	(284)
Deferred tax recognised	82
<b>Balance Sheet</b>	
Property, plant and equipment	(366)
Deferred tax	82
Retained earnings	(284)

2007	Group and Parent \$000
<b>Income Statement</b>	
Net profit/(loss) before taxation	(271)
Income tax impact	61
Net profit (loss) after tax	(210)
<b>Statement of Changes in Equity</b>	
Equity at beginning of the year	(284)
Net profit after taxation for the year	(210)
Retained earnings at end of year	(494)
<b>Balance Sheet</b>	
Property, plant and equipment	(637)
Deferred tax	143
Retained earnings	(494)

## I3. Investments

The investments in Linework and Stones Limited, Oxford Finance and DataCol NZ are accounted for at cost.

Name of Entity	Principal Activities	Interest Held by Group	
		2008	2007
Linework and Stones Limited	Electrical Contracting	100%	100%
Oxford Finance Limited	Financial Services	100%	100%
Oxford Finance Corporation Limited	Financial Services	100%	100%
DataCol NZ Limited	Metering Services	100%	50%
MultiMedia Communications Limited	Electrical/ Telecommunication Contracting	51%	0%
Electra Generation Limited	Non Trading	100%	100%
DeFrost Limited	Non Trading	100%	100%
Horowhenua Wind Energy Limited	Non Trading	100%	100%

The effective ownership and the voting interests in the above investments are the same.

All subsidiaries and associates have a balance date of 31 March and are incorporated in New Zealand.

### 13(b) Acquisition of controlled entities – DataCol NZ Limited

As at 31 March 2007 the Company held a 50% investment in DataCol NZ Limited which was equity accounted as an associate.

On 21 September 2007 the parent purchased the remaining 50% of DataCol NZ Limited from DataCol Investments Limited.

From this date equity accounting for this investment ceased and DataCol NZ Limited became a controlled entity of the Group. As a consequence these companies are now consolidated as part of the Group financial statements. The effect on the Group financial statements is summarised below:

#### Summary of the effect of investment in associates

	Group	
	2008 \$000	2007 \$000
Carrying amount at beginning of year	4,037	-
Acquisitions during the year	-	3,925
Share of recognised revenue and expenses	109	112
Less dividends received from associate	(80)	-
Effect of acquisition of controlled entities	(4,066)	-
<b>Carrying amount at end of year</b>	<b>-</b>	<b>\$4,037</b>

### Summary of the effect of acquisition of controlled entities

	2008 \$000
--	---------------

#### Assets and liabilities acquired at fair value:

Cash and bank balances	337
Accounts receivable and prepayments	1,853
Property, plant and equipment	435
Intangibles	
- Goodwill	2,970
Inventories	66
Current tax payable	(238)
Payables and accruals	(1,673)
Long term loan	(1,730)
<b>Net assets acquired</b>	<b>2,020</b>

#### Acquisition of control adjustments

Investment in associate	
- DataCol NZ Limited	(4,066)
Post acquisition assessed retained earnings of subsidiary	53
<b>Total acquisition of control adjustments</b>	<b>(4,013)</b>
Goodwill arising on acquisition	7,406
	<b>\$3,393</b>

Comprising:

Total cash paid	3,729
Less cash included in net assets acquired	(337)
<b>Net cash paid on acquisition</b>	<b>\$3,393</b>

### Summary of the effect of acquisition on group profit

	Group	
	2008 \$000	2007 \$000
Group profit / (loss) impact of:		
- Pre-acquisition (equity accounted)	109	112
- Post-acquisition loss	(376)	-
<b>Total loss of acquisition</b>	<b>(\$267)</b>	<b>\$112</b>

### **I3(c) Aquisition of controlled entities - MultiMedia Communications Limited**

On the 24th of May 2007 DataCol NZ Limited acquired 51% of MultiMedia Communications Limited for \$1,727,880 in cash.

The effect on the Group financial statements is summarised below:

#### **Summary of the effect of acquisition of controlled entities**

	<b>2008</b>
	<b>\$000</b>
<b>Assets and liabilities acquired at fair value:</b>	
Cash and bank balances	103
Accounts receivable and repayments	709
Property, plant and equipment	328
Inventories	34
Current tax payable	
Payables and accruals	(633)
Long term loan	(122)
<b>Net assets acquired</b>	<b>419</b>
Less: minority interest	1,660
	(1,241)
Goodwill arising on acquisition	2,969
	\$1,728
Comprising	
Total cash paid	1,728
Less cash included in net assets acquired	(103)
<b>Net cash paid on acquisition</b>	<b>\$1,625</b>

#### **Summary of the effect of acquisition on group profit**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Group profit / (loss) impact of:		
- Post acquisition loss	<b>(515)</b>	-
<b>Total loss of acquisition</b>	<b>(\$515)</b>	-

### 13(d) Impairment

Goodwill has been allocated at the cash generating unit level. As each subsidiary derives its own cash inflows, goodwill impairment is determined by reference to the cash generating unit. The recoverable amount of the subsidiary is its value in use.

Electra has performed impairment testing on the subsidiary business operations and has recognised the following impairment losses because the financial results have not returned what was expected, therefore the future cash flows of the current business activities have been reassessed.

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
DataCol NZ Limited	893	-	893	-
MultiMedia Communications Limited	490	-	-	-
	<b>\$1,383</b>	<b>-</b>	<b>\$893</b>	<b>-</b>

### 14. Intangibles

Group	Software \$000	Goodwill \$000	Other \$000	Total \$000
<b>Gross carrying amount</b>				
Balance as at 1 April 2006	4,096	4,869	51	9,016
Additions	18	-	-	18
Disposals	-	(189)	-	(189)
<b>Balance as at 31 March 2007</b>	<b>4,114</b>	<b>4,680</b>	<b>51</b>	<b>8,845</b>
Balance as at 1 April 2007	4,114	4,680	51	8,845
Additions	971	10,320	-	11,291
<b>Balance as at 31 March 2008</b>	<b>5,085</b>	<b>15,000</b>	<b>51</b>	<b>20,136</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at 1 April 2006	(2,514)	-	(2)	(2,516)
Amortisation expenses	(186)	-	(2)	(188)
<b>Balance as at 31 March 2007</b>	<b>(2,700)</b>	<b>-</b>	<b>(4)</b>	<b>(2,704)</b>
Balance as at 1 April 2007	(2,700)	-	(4)	(2,704)
Amortisation expenses	(181)	-	(2)	(183)
Impairment losses (charged to profit)	-	(1,383)	-	(1,383)
<b>Balance as at 31 March 2008</b>	<b>(2,881)</b>	<b>(1,383)</b>	<b>(6)</b>	<b>(4,270)</b>
<b>Carrying amounts</b>				
At 31 March 2007	1,414	4,680	47	6,141
<b>At 31 March 2008</b>	<b>\$2,204</b>	<b>\$13,617</b>	<b>\$45</b>	<b>\$15,866</b>

<b>Parent</b>	<b>Software \$000</b>	<b>Goodwill \$000</b>	<b>Other \$000</b>	<b>Total \$000</b>
<b>Gross carrying amount</b>				
Balance as at 1 April 2006	4,030	1,601	51	5,682
Additions	18	-	-	18
Disposals	-	(189)	-	-
<b>Balance as at 31 March 2007</b>	<b>4,048</b>	<b>1,412</b>	<b>51</b>	<b>5,700</b>
Balance as at 1 April 2007	4,048	1,412	51	5,700
Additions	118	-	-	118
Disposals	-	-	-	(189)
<b>Balance as at 31 March 2008</b>	<b>4,166</b>	<b>1,412</b>	<b>51</b>	<b>5,629</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at 1 April 2006	(2,472)	-	(2)	(2,474)
Amortisation expenses	(175)	-	(2)	(177)
<b>Balance as at 31 March 2007</b>	<b>(2,647)</b>	<b>-</b>	<b>(4)</b>	<b>(2,651)</b>
Balance as at 1 April 2007	(2,647)	-	(4)	(2,651)
Amortisation expenses	(31)	-	(2)	(33)
<b>Balance as at 31 March 2008</b>	<b>(2,678)</b>	<b>-</b>	<b>(6)</b>	<b>(2,684)</b>
<b>Carrying amounts</b>				
At 31 March 2007	1,401	1,412	47	2,860
<b>At 31 March 2008</b>	<b>\$1,488</b>	<b>\$1,412</b>	<b>\$45</b>	<b>\$2,945</b>

## 15. Accounts Payable and Accruals

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade payables	3,244	2,801	1,299	866
Other payables	2,962	3,883	2,481	3,869
Inter-company payables	-	-	557	822
Accruals	1,345	1,402	1,416	1,324
Accrued employee entitlements	1,165	854	270	230
	<b>\$8,716</b>	<b>\$8,940</b>	<b>\$6,023</b>	<b>\$7,111</b>

## 16. Debt Financing - (Excluding secured debenture funding)

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Bank and other borrowings	35,288	21,720	29,922	21,720
Intercompany borrowings	-	-	-	48
Total debt funding	35,288	21,720	29,922	21,768
Less current borrowings	(3,469)	(7,000)	(2,102)	(7,048)
Non current borrowings	<b>\$31,819</b>	<b>\$14,720</b>	<b>\$27,820</b>	<b>\$14,720</b>
Repayable as follows:				
Within one year	3,469	7,000	2,102	7,048
Within two years	8,500	2,000	8,500	2,000
Beyond two years	23,319	12,720	19,320	12,720
	<b>\$35,288</b>	<b>\$21,720</b>	<b>\$29,922</b>	<b>\$21,768</b>

All bank borrowings are secured by a General Securities Agreement over the parent's assets only.

### Interest rates

Interest rates payable on the parent company bank facilities range from 7.0 – 9.23% pa. (2007: 6.95 – 8.36% pa.)

## 17. Secured Debenture Stock

	Oxford Finance	
	2008	2007
	\$000	\$000
Total secured debenture stock	42,870	39,902
Less current debenture stock	(36,434)	(28,053)
<b>Non current debenture stock</b>	<b>\$6,436</b>	<b>\$11,849</b>

### Secured debenture stock - security

All debenture stock is secured by a charge in favour of the Trustee over all the undertakings and assets of Oxford Finance Corporation Limited. The stock ranks equally with all previously issued debenture stock, including that of Oxford Finance Limited and all other debenture stock, which may hereafter be issued under the Trust Deed.

Contractual maturity	Group			
	2008		2007	
	\$000	Avg Rate %	\$000	Avg Rate %
On call	3,065	8.15	2,361	7.07
Within six months	18,272	8.60	14,131	7.85
Within one year	15,097	8.99	11,560	8.09
Within two years	6,194	9.28	11,266	8.25
Between two and three years	228	8.63	521	8.15
Over three years	14	8.61	63	8.00
<b>Total</b>	<b>\$42,870</b>	<b>8.80</b>	<b>\$39,902</b>	<b>7.99</b>

## 18. Share Capital

000's of shares	Group		Parent	
	2008	2007	2008	2007
Opening balance	24,465	24,465	24,465	24,465
Issued to minority shareholder of subsidiary	490	-	-	-
<b>Closing balance</b>	<b>\$24,955</b>	<b>\$24,465</b>	<b>\$24,465</b>	<b>\$24,465</b>

\$000	Group		Parent	
	2008	2007	2008	2007
Opening balance	18,000	18,000	18,000	18,000
Issued to minority shareholder of subsidiary	1,660	-	-	-
<b>Closing balance</b>	<b>\$19,660</b>	<b>\$18,000</b>	<b>\$18,000</b>	<b>\$18,000</b>

All shares rank equally with one vote attached to each share, have no par value and are fully paid.

## 19. Retained Earnings

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Balance at beginning of year	58,593	57,167	54,402	54,116
Net surplus for the year	1,691	1,611	923	471
Total recognised revenues and expenses	1,691	1,611	923	471
Dividends paid	(310)	(185)	(230)	(185)
Balance at end of year	59,974	58,593	55,095	54,402
Parent equity interest	60,226	58,593	55,095	54,402
Minority interest	(252)	-	-	-
	<b>\$59,974</b>	<b>\$58,593</b>	<b>\$55,095</b>	<b>\$54,402</b>

## 20. Dividends

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Dividends paid	\$310	\$185	\$230	\$185

	Group		Parent	
	2008	2007	2008	2007
Cents per share	0.94	0.756	0.94	0.756

Dividends were paid, during the year to the Electra Trust and to the external shareholders of DataCol prior to 100% acquisition. There is no proposed final dividend.

## 21. Capital Commitments

At balance date, there was \$916,000 unaccrued expenditure contracted for and approved by the Company and Group (2007 – \$1,683,982).

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Distribution network	550	1,684	550	1,684
Intangible assets	366	-	366	-
	<b>\$916</b>	<b>\$1,684</b>	<b>\$916</b>	<b>\$1,684</b>

## 22. Contingent Liabilities

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
a) Guarantee of bank facilities for a subsidiary to a limit of	-	-	7,180	950
At balance date the amount of the bank facilities so guaranteed was	-	-	-	-
b) The Group has not fully provided for a liability to some employees which would be payable on their retirement. The Group begins providing for this liability when the employees concerned attain 55 years of age.				

## 23. Cash and Cash Equivalents

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Non finance business</b>				
Cash on hand	617	396	75	154
Investments with other financial institutions	700	300	700	-
<b>Finance business</b>				
Cash on hand	354	98	-	-
<b>Total cash and cash equivalents</b>	<b>\$1,671</b>	<b>\$794</b>	<b>\$775</b>	<b>\$154</b>

## 24. Reconciliation

### of net profit after tax with cash inflow from operating activities

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Reported profit after taxation	1,691	1,611	923	471
Add / (less) non-cash items				
Goodwill write off	1,383	-	893	-
Depreciation and amortisation	4,620	4,157	3,946	3,826
Doubtful debt provision movement	(252)	104	-	-
Provision for tax movement	235	(528)	(358)	(274)
Bad debts written off	738	646	67	71
Increase/(decrease) in unearned fees	(274)	-	-	-
Equity accounted earnings of associate	-	(112)	-	-
Add item classified as investing activity				
Capital (gain) / loss on sale of fixed assets	423	325	421	317
Movements in working capital				
Increase / (decrease) in accounts payable and other provisions	(1,634)	1,209	(1,256)	1,864
(Increase) / decrease in receivables	(6,109)	(5,343)	(987)	195
(Increase) / decrease in inventory	(29)	4	-	-
<b>Net cash Inflow from operating activities</b>	<b>\$792</b>	<b>\$2,073</b>	<b>\$3,649</b>	<b>\$6,470</b>

## 25. Transactions with Related Parties

The parent entity in the consolidated group is Electra Limited which is 100% owned by Electra Trust.

Other related parties – refer note 13.

During the year the Company purchased construction and maintenance services from a subsidiary Linework and Stones Limited, to an amount of \$7.81m (2007 - \$5.01m). The amount outstanding at year end was \$557k (2007 - \$858k).

### Intercompany loans

As at 31 March 2008 DataCol NZ Limited had borrowed \$795k from Electra Limited and Oxford Finance did not have any outstanding loans from Electra Limited (31 March 2007 - \$2.6m). These loans were part of the facility detailed in note 16.

March 2008	Advance \$000	Interest Charged \$000	Balance 31 March 2008 \$000
<b>Intercompany advances during the year</b>			
Oxford Finance Corporation Limited	2,600	80	-
MultiMedia Communications	63	2	57
DataCol NZ Limited	844	35	844
Electra Limited	20	1	19
<b>Balance at end of period</b>	<b>\$132</b>	<b>\$115</b>	<b>\$125</b>
<b>Carrying value from 31/03/07</b>			
Linework and Stones Limited	251	8	-
Electra Limited	42	2	-
Oxford Finance Limited	2,789	-	-
<b>Balance at end of period</b>	<b>\$482</b>	<b>\$10</b>	<b>-</b>

March 2007	Advance \$000	Interest Charged \$000	Balance 31 March 2007 \$000
Intercompany advances during the year:			
Linework and Stones Limited	250	1	251
Electra Limited	42	1	42
Oxford Finance Limited	2,789	-	2,789
<b>Balance at end of period</b>	<b>\$481</b>	<b>\$2</b>	<b>\$482</b>
Carrying value from 31/03/06			
Electra Limited – interest repaid during the year	-	\$37	-

No related party debts have been written off or forgiven during the year. No amounts were provided for in doubtful debts relating to debts due from related parties at reporting date (2007: nil).

### Guarantees

On 7 September 2007 Electra Limited provided a guarantee to Oxford Finance in which Electra Limited guarantees the Debenture Stockholders of Oxford Finance Corporation Limited.

### Directors

During the periods no transactions were entered into with any of the company's directors other than the payment of directors fees and the reimbursement of valid company related expenses such as travel costs to board meetings. Some of the directors are also consumers of the Company and some minor transactions were entered into with companies in which some directors held directorships and with related parties. These transactions were carried out on a commercial and arms length basis.

## 26. Key Management Personnel

The compensation of the directors and executives, being the key management personnel of the entity, is set out below:

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Short-term employee benefits	1,217	851	756	637
Defined contribution plans	32	28	15	13
	<b>\$1,249</b>	<b>\$879</b>	<b>\$771</b>	<b>\$650</b>

## 27. Segment Information

The predominant activities of Electra are ownership and operation of an electricity distribution network, electrical contracting and the provision of financial services. The primary reporting format is business segments. All significant operations and activities are conducted within New Zealand.

### Industry segments

	Distribution		Contracting		Finance	
	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating revenue</b>						
External customers	<b>26,512</b>	26,576	<b>25,183</b>	12,540	<b>8,130</b>	6,821
Internal customers	<b>2,184</b>	-	<b>7,890</b>	5,014	<b>13</b>	56
Total revenue	<b>28,696</b>	26,566	<b>33,073</b>	17,554	<b>8,143</b>	6,877
<b>Result</b>						
Segment surplus	<b>874</b>	658	<b>1,323</b>	1,310	<b>1,469</b>	850
<b>Liabilities</b>						
Segment total liabilities	<b>56,736</b>	50,195	<b>6,274</b>	2,417	<b>46,505</b>	43,193
<b>Assets</b>						
Segment total assets	<b>\$129,831</b>	\$126,379	<b>\$14,319</b>	\$6,749	<b>\$52,369</b>	\$48,088

All inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar goods.

### Other segment information

	Distribution		Contracting		Finance	
	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying value of investments accounted for using the equity method	-	3,925	-	-	-	-
Share of net profit / (loss) of associates and jointly controlled entities accounted for using the equity method	<b>109</b>	112	-	-	-	-
Acquisition of segment assets	-	-	<b>2,020</b>	-	-	-
Impairment losses	<b>(893)</b>	-	<b>(490)</b>	-	-	-
Depreciation and amortisation of segment assets	<b>(3,946)</b>	(3,826)	<b>(624)</b>	(278)	<b>(50)</b>	(51)

	Eliminations		Group	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Operating revenue</b>				
External customers	-	(937)	<b>59,825</b>	45,000
Internal customers	<b>(10,087)</b>	(5,070)	-	-
Total revenue	<b>(10,087)</b>	(6,040)	<b>59,825</b>	45,000
<b>Result</b>				
Segment surplus	<b>(2,154)</b>	(1,423)	<b>1,512</b>	1,394
<b>Liabilities</b>				
Segment total liabilities	<b>(1,607)</b>	(3,998)	<b>107,908</b>	91,524
<b>Assets</b>				
<b>Segment total assets</b>	<b>(\$9,315)</b>	<b>(\$12,724)</b>	<b>\$187,204</b>	<b>\$168,209</b>

	Eliminations		Group	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Carrying value of investments accounted for using the equity method	-	-	-	3,925
Share of net profit / (loss) of associates and jointly controlled entities accounted for using the equity method	-	-	<b>109</b>	112
Acquisition of segment assets	-	-	<b>2,020</b>	-
Impairment losses	-	-	<b>1,383</b>	-
Depreciation and amortisation of segment assets	-	-	<b>(4,620)</b>	(4,155)

## 28. Subsequent Events

There have been no material events since balance date to the 30 May 2008 that require disclosure in these financial statements.

## 29 International Financial Reporting Standards

### Adoption of New Zealand equivalents to International Financial Reporting Standards

In December 2002 the New Zealand Accounting Standards Review Board announced that New Zealand International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007. Entities have the option to adopt NZ IFRS for periods beginning on or after 1 January 2005.

Electra Limited has implemented NZ IFRS with effect from 1 April 2006. In complying with NZ IFRS for the first time, Electra Limited has restated comparative balances applying NZ IFRS. This requires the restatement of opening balances as at 1 April 2006 incorporating initial transitional adjustments, and the restatement of balances as at 31 March 2007 which will impact net earnings, cashflow statements and balance sheets. The adjustments that are required for the balance sheet as at 1 April 2006 are made directly to equity.

### 29.1 Impact on Transition to NZ IFRS – Group

#### Impact on equity, total liabilities and assets on initial transition to NZ IFRS at 1 April 2006

Group	Share Capital \$000	Reserves \$000	Retained Earnings/ (Deficit) \$000	Total Equity \$000	Total Liabilities \$000	Total Assets \$000
Total reported under previous NZ GAAP	18,000	64,249	14,607	96,856	67,964	164,820
<b>NZ IFRS adjustments</b>						
Restatement of revaluation reserves (e)	-	(64,249)	64,249	-	-	-
Provision for doubtful debts (a)	-	-	(326)	(326)	-	(326)
Provision for unearned fees(b)	-	-	(403)	(403)	-	(403)
Deferred taxation (c)	-	-	(21,058)	(21,058)	21,058	-
Property, plant and equipment (d)	-	-	-	-	-	(1614)
Intangible assets (d)	-	-	-	-	-	1614
Provision for WIP margin	-	-	98	98	-	98
<b>Total NZ IFRS adjustment</b>	-	<b>(64,249)</b>	<b>42,560</b>	<b>(21,689)</b>	<b>21,058</b>	<b>(631)</b>
<b>Total restated under NZ IFRS at 1 April 2006</b>	<b>\$18,000</b>	<b>-</b>	<b>\$57,167</b>	<b>\$75,167</b>	<b>\$89,022</b>	<b>\$164,189</b>

## Impact on equity, total liabilities and assets on initial transition to NZ IFRS at 31 March 2007

Group	Profit/ (Loss) for the Period \$000	Share Capital \$000	Reserves \$000	Retained Earnings/ (Deficit) \$000	Total Equity incl. Reserves \$000	Total Liabilities \$000	Total Assets \$000
Total reported under previous NZ GAAP	625	18,000	64,249	15,047	97,296	70,560	167,856
<b>NZ IFRS adjustments</b>							
Restatement of revaluation reserves (e)	-	-	(64,249)	64,249	-	-	-
Provision for doubtful debts (a)	(4)	-	-	(356)	(356)	-	(356)
Provision for unearned fees (b)	(26)	-	-	(404)	(404)	-	(404)
Deferred taxation (c)	240	-	-	(20,817)	(20,817)	20,817	-
Property, plant and equipment (d)	-	-	-	-	-	-	(1461)
Goodwill (f)	744	-	-	744	744	-	744
Intangible assets (d)	-	-	-	-	-	-	1461
Provision for WIP margin	32	-	-	130	130	-	130
<b>Total NZ IFRS adjustment</b>	<b>986</b>	<b>-</b>	<b>(64,249)</b>	<b>43,546</b>	<b>(20,703)</b>	<b>20,817</b>	<b>114</b>
<b>Total restated under NZ IFRS at 31 March 2007</b>	<b>\$1,611</b>	<b>\$18,000</b>	<b>-</b>	<b>\$58,593</b>	<b>\$76,593</b>	<b>\$91,377</b>	<b>\$167,970</b>

### Explanation of transition to NZ IFRS

- Provision for doubtful debts has been based on objective evidence of loan impairments. Both collective and specific provisions have been made in respect of the provision for doubtful debts.
- Fee income and direct costs relating to loan origination, previously included in other income, are deferred and amortised to interest income on advances over the life of the loans using the effective interest method.
- Deferred taxation adjustment is a result of the movement from the partial basis to the comprehensive basis for accounting for income tax.
- Certain software has been reclassified from property, plant and equipment to intangible assets.
- In accordance with the election available under NZ IFRS 1, the revaluation reserve balance at the date of transition was reset to nil and the previous NZ GAAP balance transferred to retained earnings.
- Under previous NZ GAAP goodwill was amortised on a straight-line basis over the period during which benefits are expected to be derived – a period not exceeding 10 years. Under NZ IFRS goodwill is no longer amortised but is instead tested for impairment.

## 29.2 Impact on transition to NZ IFRS - Parent

The impact to transition to NZ IFRS from previous NZ GAAP is set out in the tables following:

### Impact on equity, total liabilities and assets on initial transition to NZ IFRS at 1 April 2006

Parent	Share Capital \$000	Reserves \$000	Retained Earnings/ (Deficit) \$000	Total Equity \$000	Total Liabilities \$000	Total Assets \$000
Total reported under previous NZ GAAP	18,000	67,200	11,656	96,856	23,347	120,203
<b>NZ IFRS adjustments</b>						
Restatement of revaluation reserves (a)	-	(67,200)	63,888	(3,312)	-	(3,312)
Deferred taxation (c)	-	-	(21,426)	(21,426)	21,426	-
Provision for discount	-	-	(2)	(2)	2	-
Property, plant and equipment (d)	-	-	-	-	-	(1,591)
Intangible assets (d)	-	-	-	-	-	1,591
<b>Total NZ IFRS adjustment</b>	-	(67,200)	42,460	(24,740)	21,428	(3,312)
<b>Total restated under NZ IFRS at 1 April 2006</b>	<b>\$18,000</b>	<b>-</b>	<b>\$54,116</b>	<b>\$72,116</b>	<b>\$44,775</b>	<b>\$116,891</b>

### Impact on equity, total liabilities and assets on initial transition to NZ IFRS at 31 March 2007

Parent	Profit/ (Loss) for the Period \$000	Share Capital \$000	Reserves \$000	Retained Earnings/ (Deficit) \$000	Total Equity incl. Reserves \$000	Total Liabilities \$000	Total Assets \$000
Total reported under previous NZ GAAP	(98)	18,000	67,389	11,184	96,573	28,879	125,452
<b>NZ IFRS adjustments</b>							
Restatement of revaluation reserve(a)	-	-	(67,389)	64,077	(3,312)	-	(3,312)
Deferred taxation (c)	278	-	-	(21,150)	(21,150)	21,149	(1)
Property, plant and equipment (d)	-	-	-	-	-	-	(1,448)
Goodwill (b)	291	-	-	291	291	-	291
Intangible assets (d)	-	-	-	-	-	-	1,448
<b>Total NZ IFRS adjustment</b>	<b>569</b>	<b>-</b>	<b>(67,389)</b>	<b>43,218</b>	<b>(24,171)</b>	<b>21,149</b>	<b>(3,022)</b>
<b>Total restated under NZ IFRS at 31 March 2007</b>	<b>\$471</b>	<b>\$18,000</b>	<b>-</b>	<b>\$54,402</b>	<b>\$72,402</b>	<b>\$50,028</b>	<b>\$122,430</b>

### Explanation of transition to NZ IFRS

- (a) In accordance with the election available under NZ IFRS I, the revaluation reserve balance at the date of transition was reset to nil and the previous NZ GAAP balance transferred to retained earnings or the investment carrying value.
- (b) Under previous NZ GAAP goodwill was amortised on a straight-line basis over the period during which benefits are expected to be derived – a period not exceeding 10 years. Under NZ IFRS goodwill is no longer amortised but is instead tested for impairment.
- (c) Deferred taxation adjustment is a result of the movement from the partial basis to the comprehensive basis for accounting for income tax.
- (d) Certain software has been reclassified from property, plant and equipment to intangible assets.

### 30. Required Disclosures

The Company reported the following performance measures in its 2007/08 Statement of Corporate Intent:

	<b>Actual</b>	<b>Target</b>
Capital ratio – shareholders funds to total assets	<b>43%</b>	40%
Operating surplus	<b>\$1.7m</b>	\$2.6m
Operating cost per consumer	<b>\$159</b>	\$154
Network reliability		
- average interruption duration	<b>104</b>	78
- average frequency index	<b>1.60</b>	1.58

# AUDITORS REPORT



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## AUDIT REPORT TO THE READERS OF ELECTRA LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2008

The Auditor-General is the auditor of Electra Limited (the Company) and Group. The Auditor-General has appointed me, G R Mitchell, using the staff and resources of Deloitte, to carry out the audit of the financial statements and performance information of the Company and Group, on his behalf, for the year ended 31 March 2008.

### Unqualified Opinion

In our opinion:

- The financial statements of the company on pages 26 to 75:
  - comply with generally accepted accounting practice in New Zealand; and
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of:
    - the Company and Group's financial position as at 31 March 2008; and
    - the results of their operations and cash flows for the year ended on that date.
- The performance information of the company on page 79 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 31 March 2008.
- Based on our examination the Company and Group kept proper accounting records.

The audit was completed on 30 May 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors (the Board) and the Auditor, and explain our independence.

## AUDITORS REPORT CONTINUED



### **Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

## AUDITORS REPORT CONTINUED

**Deloitte.**

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### **Responsibilities of the Board of Directors and the Auditor**

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company as at 31 March 2008. They must also give a true and fair view of the results of its operations and cash flows for the year ended on that date. The Board is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 31 March 2008. The Board's responsibilities arise from the Energy Companies Act 1992 and the Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45(1) of the Energy Companies Act 1992.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants

Other than the audit, we have no relationship with or interests in the company.



**G R MITCHELL  
DELOITTE  
ON BEHALF OF THE AUDITOR-GENERAL  
WELLINGTON, NEW ZEALAND**



## NON-FINANCIAL PERFORMANCE MEASURES

The following performance measures are disclosed in accordance with the Ministry of Commerce Disclosure Regulations for Electricity Distribution Companies.

	2008	2007
<b>Energy performance measures</b>		
Direct line cost per kilometre	\$1,745	\$1,733
Indirect line cost per electricity customer	\$66	\$48
<b>Energy delivery efficiency performance measures</b>		
Load factor	53%	50%
Loss ratio	7.0%	6.20%
Capacity utilisation	33.0%	33.68%
<b>Statistics</b>		
System length (km)	2,210	2,188
Transformer capacity (kVA)	294,284	290,976
Maximum demand (MW)	97	98
Total electricity supplied from system (kWh)	402,614,116	405,907,135
Total consumers	41,512	40,860
SAIDI (system average interruption duration index)	104.0	87.8
SAIFI (system average interruption frequency index)	1.60	1.43
CAIDI (customer average interruption duration index)	64.8	61.4
Number of faults per 100 kilometres	5.8	5.8

# STATUTORY INFORMATION

## Directors and remuneration

The following persons holding office as Directors during the year were authorised and received the following remuneration:

### Electra Limited

P F McKelvey	\$42,457
M H Devlin	\$33,820
P A T Hamid	\$38,820
N F Mackay	\$28,344
W R Thessman	\$51,084
A T Colbert (retired 31 July 2007)	\$11,111

## Entries recorded in the interest register

The following entries were recorded in the Interest Register of the Company and its subsidiaries during the year:

### a) Directors' interests in transactions

The following Director gave notice of an interest in transactions between a related party and Electra Limited or its subsidiary:

- P A T Hamid as a Director of Pre-Cast Components Limited.

A number of the directors are also consumers of the Company. All transactions were undertaken at the Company's normal terms and conditions.

### b) Share dealings of directors

The Directors did not purchase or sell shares in Electra Limited or its subsidiaries during the year.

### c) Loans to directors

There were no loans made to Directors by Electra Limited or its subsidiaries during the year.

### d) Directors' indemnity and insurance

The Company has insured its Directors, and the Directors of its subsidiaries, against liabilities to other parties that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

## Executive employees' remuneration

During the year the following numbers of employees received remuneration and/or other benefits within the following bands:

	Group and Parent Company	
	Year ended 31 March 08	Year ended 31 March 07
<b>Continuing employees</b>		
\$100,000 - \$110,000	4	-
\$110,001 - \$120,000	1	1
\$130,001 - \$140,000	1	1
\$140,001 - \$150,000	1	-
\$180,001 - \$190,000	1	-
\$230,001 - \$240,000	-	1
\$300,001 - \$310,000	1	-

All the above employees are provided with the use of a company motor vehicle not included in the above calculation.

## Changes in accounting policy

There have been no changes in accounting policies other than those required by NZ IFRS as detailed in Note 29.

## Donations

During the year the Company made no donations.



*Oxford Finance Levin Team*



*MultiMedia Communications Limited*



*Linework and Stones  
Administration Team*



*MultiMedia Management*



*DataCol NZ Management Team*

# DIRECTORY

## Trustees

Christopher Turver JP (Chairman)

Lindsay Burnell

Trevor Hayward

Ann Chapman MNZM JP

Judith Keall

Raymond Latham

Alan Hercus (Retired 27 July 2007)

## Directors

Patricia McKelvey (Chair), CNZM,  
MBE, TTC (Physical Education)

Martin Devlin, ED, BA, M.Com, MAIE,  
GRAD.DBS, MInstD

Piers Hamid, BCA

Neil Mackay, BCA

Warren Thessman, BE (Civil), FIPENZ,  
MICE, CEng, MASCE, MASHRAE, PE,  
AFInstD

Alan Colbert (Retired 31 July 2007)

## Executives

John Yeoman CEO – Electra  
Group, BBS, ACA, FCIS, ANZIM

Ross Leggett GM – Electra Group  
Commercial, BA

Todd Campbell Electra Group  
Finance Manager, BBS, CA

John Fallen GM – Electra Network

Allen Hutchison GM – Linework  
and Stones Limited

Jenni Williams GM – Oxford  
Finance Corporation Limited

Bruce Franks CEO – DataCol NZ  
Limited, Dip. Management Studies

Vivien Wright Company Secretary

## Registered office

Electra Limited  
Corner Bristol and Exeter Streets  
LEVIN

## Postal address

P O Box 244 LEVIN

## Telephone

0800 ELECTRA or

0800 353 2872

Fax 06 367 6120

## Website

[www.electra.co.nz](http://www.electra.co.nz)



*Oxford Finance Kapiti Team*



*Electra Group Finance Team*

## Auditors

Deloitte Wellington  
On behalf of the Controller  
and Auditor General

## Solicitors

Quigg Partners, Wellington  
Cullinane Steele, Levin

## Bankers

Bank of New Zealand



*Electra Network Team*



*Electra Corporate Team*





