

# Regulatory Financial Statements

# Regulatory Financial Statements

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# Regulatory Financial Statements for the year ended 30 June 2007

## 1. Profit and loss (disaggregated)

Profit and loss account for the year ended 30 June 2007

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
1100	Network charges	648,845	200,405	0	327,563	0	120,877
1200	Contributions	147,509	19,386	0	128,123	0	0
1300	Gross proceeds from sale of assets	10,551	120	0	191	0	10,240
1400	Other revenue	4,655	0	0	0	0	4,655
	<b>Total revenue</b>	<b>811,560</b>	<b>219,911</b>	<b>0</b>	<b>455,877</b>	<b>0</b>	<b>135,772</b>
2100	Operating expenditure costs	-427,298	-69,875	0	-306,496	0	-50,927
	<i>Operations</i>	-136,603	-39,775	0	-65,285	0	-31,543
	<i>Maintenance</i>	-177,200	-30,100	0	-147,100	0	0
	<i>Customer service and billing</i>	-29,641	0	0	-24,411	0	-5,230
	<i>Corporate</i>	-13,008	0	0	0	0	-13,008
	<i>Other operating expenditure</i>	-70,846	0	0	-69,700	0	-1,146
2200	Depreciation	-134,399	-36,267	0	-77,513	0	-20,619
2300	Bad debts	-203	-5	0	0	0	-198
2400	Borrowing costs	-141,015	-53,042	0	-73,059	0	-14,914
2500	Book value of assets disposed	-9,309	0	0	-14	0	-9,295
	<b>Earnings before taxation</b>	<b>99,336</b>	<b>60,722</b>	<b>0</b>	<b>-1,205</b>	<b>0</b>	<b>39,819</b>
2600	<b>Taxation</b>	<b>-29,929</b>	<b>-18,217</b>	<b>0</b>	<b>361</b>	<b>0</b>	<b>-12,074</b>
	<b>Profit after taxation</b>	<b>69,407</b>	<b>42,505</b>	<b>0</b>	<b>-843</b>	<b>0</b>	<b>27,745</b>

# Regulatory Financial Statements for the year ended 30 June 2007

## 2. Profit and loss (regulatory financial statement)

Profit and loss account for the year ended 30 June 2007

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
1100	Network charges	200,405	0	200,405	
1200	Contributions	19,386	11,576	30,962	11.1
1300	Gross proceeds from sale of assets	120	0	120	
1400	Other revenue	0	0	0	
	<b>Total revenue</b>	<b>219,911</b>	<b>11,576</b>	<b>231,487</b>	
2100	Operating expenditure costs	-69,875	0	-69,875	
	<i>Operations</i>	-39,775	0	-39,775	
	<i>Maintenance</i>	-30,100	0	-30,100	
	<i>Customer service and billing</i>	0	0	0	
	<i>Corporate</i>	0	0	0	
	<i>Other operating expenditure</i>	0	0	0	
2200	Depreciation	-36,267	0	-36,267	
2300	Bad debts	-5	0	-5	
2400	Borrowing costs	-53,042	-7,325	-60,367	11.2
2500	Book value of assets disposed	0	0	0	
	<b>Earnings before taxation</b>	<b>60,722</b>	<b>4,251</b>	<b>64,973</b>	
2600	<b>Taxation</b>	<b>-18,217</b>	<b>-1,275</b>	<b>-19,492</b>	<b>11.3</b>
	<b>Profit after taxation</b>	<b>42,505</b>	<b>2,976</b>	<b>45,481</b>	

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
1100	Network charges	327,563	0	327,563	
1200	Contributions	128,123	29,445	157,568	11.1
1300	Gross proceeds from sale of assets	191	0	191	
1400	Other revenue	0	0	0	
	<b>Total revenue</b>	<b>455,877</b>	<b>29,445</b>	<b>485,322</b>	
2100	Operating expenditure costs	-306,496	0	-306,496	
	<i>Operations</i>	-65,285	0	-65,285	
	<i>Maintenance</i>	-147,100	0	-147,100	
	<i>Customer service and billing</i>	-24,411	0	-24,411	
	<i>Corporate</i>	0	0	0	
	<i>Other operating expenditure</i>	-69,700	0	-69,700	
2200	Depreciation	-77,513	0	-77,513	
2300	Bad debts	0	0	0	
2400	Borrowing costs	-73,059	0	-73,059	
2500	Book value of assets disposed	-14	0	-14	
	<b>Earnings before taxation</b>	<b>-1,205</b>	<b>29,445</b>	<b>28,240</b>	
2600	<b>Taxation</b>	<b>361</b>	<b>-8,834</b>	<b>-8,472</b>	<b>11.3</b>
	<b>Profit after taxation</b>	<b>-843</b>	<b>20,612</b>	<b>19,768</b>	

# Regulatory Financial Statements for the year ended 30 June 2007

## 3. Cash flow statement (disaggregated)

Cash flow statement for the year ended 30 June 2007

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Operating activities						
1100	Receipts	825,195					
2100	Payments	-561,892					
	<b>Net operating cash flow</b>	<b>263,303</b>					
	Investing activities						
2700	Receipts	10,550					
2800	Payments	-701,350					
	<b>Net investing cash flow</b>	<b>-690,800</b>					
	Financing activities						
2900-3100	Receipts	524,565					
3200	Payments	-141,902					
	<b>Net financing cash flow</b>	<b>382,663</b>					
	<b>Net increase (decrease) in cash held</b>	<b>-44,834</b>					
	Cash at beginning of period	50,619					
	Cash at end of period	5,785					

Cash transactions are in one bank account and are not able to be attributed to regulated activities.

# Regulatory Financial Statements for the year ended 30 June 2007

## 4. Cash flow statement (regulatory financial statement)

Cash flow statement for the year ended 30 June 2007

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c
	Operating activities			
1100	Receipts			0
2100	Payments			0
	<b>Net operating cash flow</b>	<u>0</u>	<u>0</u>	<u>0</u>
	Investing activities			
2700	Receipts			0
2800	Payments			0
	<b>Net investing cash flow</b>	<u>0</u>	<u>0</u>	<u>0</u>
	Financing activities			
2900-3100	Receipts			0
3200	Payments			0
	<b>Net financing cash flow</b>	<u>0</u>	<u>0</u>	<u>0</u>
	<b>Net increase (decrease) in cash held</b>	<u>0</u>	<u>0</u>	<u>0</u>
	Cash at beginning of period			
	Cash at end of period			

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c
	Operating activities			
1100	Receipts			0
2100	Payments			0
	<b>Net operating cash flow</b>	<u>0</u>	<u>0</u>	<u>0</u>
	Investing activities			
2700	Receipts			0
2800	Payments			0
	<b>Net investing cash flow</b>	<u>0</u>	<u>0</u>	<u>0</u>
	Financing activities			
2900-3100	Receipts			0
3200	Payments			0
	<b>Net financing cash flow</b>	<u>0</u>	<u>0</u>	<u>0</u>
	<b>Net increase (decrease) in cash held</b>	<u>0</u>	<u>0</u>	<u>0</u>
	Cash at beginning of period			
	Cash at end of period			

Cash transactions are in one bank account and are not able to be attributed to regulated activities.

# Regulatory Financial Statements

## for the year ended 30 June 2007

### 5. Balance sheet (disaggregated)

Balance sheet as at 30 June 2007

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	<b>Current assets</b>						
8100	Cash	5,785	1,446	0	4,339	0	0
8200	Receivables	41,066	6,412	0	19,235	0	15,419
8200	Prepayments	3,083	771	0	2,312	0	0
8200	Accrued revenue	46,964	17,660	0	29,304	0	0
8300	Inventories	66,974	0	0	0	0	66,974
	<b>Total current assets</b>	<b>163,872</b>	<b>26,289</b>	<b>0</b>	<b>55,190</b>	<b>0</b>	<b>82,393</b>
	<b>Non-current assets</b>						
8400	Property plant and equipment	3,628,128	1,428,620	0	2,091,692	0	107,816
8200	Receivables	2,326	455	0	1,364	0	507
8200	Other	21,866	0	0	0	0	21,866
	<b>Total non-current assets</b>	<b>3,652,320</b>	<b>1,429,075</b>	<b>0</b>	<b>2,093,056</b>	<b>0</b>	<b>130,189</b>
	<b>Total Assets</b>	<b>3,816,192</b>	<b>1,455,364</b>	<b>0</b>	<b>2,148,246</b>	<b>0</b>	<b>212,582</b>
	<b>Current liabilities</b>						
8600	Trade creditors and accruals	-129,027	-32,257	0	-96,770	0	0
8900	Customer deposits	-158,633	-21,150	0	-137,483	0	0
8700-8800	Provisions	-20,988	-5,247	0	-15,741	0	0
	<b>Total current liabilities</b>	<b>-308,648</b>	<b>-58,654</b>	<b>0</b>	<b>-249,994</b>	<b>0</b>	<b>0</b>
	<b>Non-current liabilities</b>						
8500	Borrowings	-2,551,980	-959,916	0	-1,322,159	0	-269,905
8800	Retirement benefit obligations	-37,165	0	0	0	0	-37,165
8600	Trade creditors and accruals	-12,694	0	0	-11,815	0	-879
8900	Customer deposits	-31,097	-31,097	0	0	0	0
8700	Provisions	-9,795	-2,449	0	-7,346	0	0
	<b>Total non-current liabilities</b>	<b>-2,642,731</b>	<b>-993,462</b>	<b>0</b>	<b>-1,341,320</b>	<b>0</b>	<b>-307,949</b>
	<b>Total liabilities</b>	<b>-2,951,379</b>	<b>-1,052,116</b>	<b>0</b>	<b>-1,591,314</b>	<b>0</b>	<b>-307,949</b>
	<b>Net assets / (liabilities)</b>	<b>864,813</b>	<b>403,248</b>	<b>0</b>	<b>556,932</b>	<b>0</b>	<b>-95,367</b>
	<b>Equity</b>						
	Share capital	807,161					
	Accumulated profits/losses	57,652					
	<b>Total equity / deficiency</b>	<b>864,813</b>					
	<b>Accumulated profits &amp; losses</b>						
	At start of period	18,005					
	Profit / loss retained	39,647					
	<b>At end of period</b>	<b>57,652</b>					

# Regulatory Financial Statements for the year ended 30 June 2007

## 6. Balance sheet (regulatory financial statement)

Balance sheet as at 30 June 2007

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
Current assets					
8100	Cash	1,446	0	1,446	
8200	Receivables	6,412	-1,275	5,137	11.3
8200	Prepayments	771	0	771	
8200	Accrued revenue	17,660	0	17,660	
<b>Total current assets</b>		<b>26,289</b>	<b>-1,275</b>	<b>25,014</b>	
Non-current assets					
8400	Property plant and equipment	1,428,620	-7,325	1,421,295	11.2
8200	Receivables	455	0	455	
<b>Total non-current assets</b>		<b>1,429,075</b>	<b>-7,325</b>	<b>1,421,750</b>	
<b>Total Assets</b>		<b>1,455,364</b>	<b>-8,600</b>	<b>1,446,764</b>	
Current liabilities					
8600	Trade creditors and accruals	-32,257	0	-32,257	
8900	Customer deposits	-21,150	21,150	0	11.1
8700-8800	Provisions	-5,247	0	-5,247	
<b>Total current liabilities</b>		<b>-58,654</b>	<b>21,150</b>	<b>-37,504</b>	
Non-current liabilities					
8500	Borrowings	-959,916	0	-959,916	
8900	Customer deposits	-31,097	31,097	0	11.1
8700	Provisions	-2,449	0	-2,449	
<b>Total non-current liabilities</b>		<b>-993,462</b>	<b>31,097</b>	<b>-962,365</b>	
<b>Total liabilities</b>		<b>-1,052,116</b>	<b>52,247</b>	<b>-999,869</b>	
<b>Net assets / (liabilities)</b>		<b>403,248</b>	<b>43,647</b>	<b>446,895</b>	

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
Current assets					
8100	Cash	4,339	0	4,339	
8200	Receivables	19,235	-8,834	10,401	11.3
8200	Prepayments	2,312	0	2,312	
8200	Accrued revenue	29,304	0	29,304	
<b>Total current assets</b>		<b>55,190</b>	<b>-8,834</b>	<b>46,356</b>	
Non-current assets					
8400	Property plant and equipment	2,091,692	0	2,091,692	
8200	Receivables	1,364	0	1,364	
<b>Total non-current assets</b>		<b>2,093,056</b>	<b>0</b>	<b>2,093,056</b>	
<b>Total Assets</b>		<b>2,148,246</b>	<b>-8,834</b>	<b>2,139,412</b>	
Current liabilities					
8600	Trade creditors and accruals	-96,770	0	-96,770	
8900	Customer deposits	-137,483	137,483	0	11.1
8700-8800	Provisions	-15,741	0	-15,741	
<b>Total current liabilities</b>		<b>-249,994</b>	<b>137,483</b>	<b>-112,511</b>	
Non-current liabilities					
8500	Borrowings	-1,322,159	0	-1,322,159	
8600	Trade creditors and accruals	-11,815	0	-11,815	
8700	Provisions	-7,346	0	-7,346	
<b>Total non-current liabilities</b>		<b>-1,341,320</b>	<b>0</b>	<b>-1,341,320</b>	
<b>Total liabilities</b>		<b>-1,591,314</b>	<b>137,483</b>	<b>-1,453,831</b>	
<b>Net assets / (liabilities)</b>		<b>556,932</b>	<b>128,649</b>	<b>685,581</b>	

# Regulatory Financial Statements

## for the year ended 30 June 2007

### 7. Capital expenditure (disaggregated)

Capital expenditure for the year ended 30 June 2007

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Capital additions						
	<i>Capacity Expansion</i>	199,624	123,724	0	75,900	0	0
	<i>Customer Access</i>	199,401	18,401	0	181,000	0	0
	<i>Generation Driven</i>	114,156	114,156	0	0	0	0
	<i>Asset Replacement</i>	40,200	12,900	0	27,300	0	0
	<i>Regulatory Compliance</i>	37,943	3,943	0	34,000	0	0
	<i>SUPP</i>	21,100	0	0	21,100	0	0
	<i>RPIP</i>	9,600	0	0	9,600	0	0
	<i>Reliability Driven</i>	10,300	4,800	0	5,500	0	0
	<i>Metering</i>	10,700	0	0	10,700	0	0
	<i>SCADA/Comms</i>	7,700	5,500	0	2,200	0	0
	<i>Gifted Assets</i>	21,993	0	0	21,993	0	0
	<i>Admin &amp; Support</i>	32,285	3,076	0	9,100	0	20,109
	<i>IT &amp; Market Reform</i>	35,118	5,993	0	18,000	0	11,125
	<i>Mobile Plant &amp; Vehicles</i>	16,845	0	0	0	0	16,845
	<b>Total additions</b>	<b>756,965</b>	<b>292,493</b>	<b>0</b>	<b>416,393</b>	<b>0</b>	<b>48,079</b>

# Regulatory Financial Statements for the year ended 30 June 2007

## 8. Capital expenditure (regulatory financial statement)

Capital expenditure for the year ended 30 June 2007

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
Asset categories					
	<i>Capacity Expansion</i>	123,724	-2,243	121,481	
	<i>Customer Access</i>	18,401	-500	17,901	
	<i>Generation Driven</i>	114,156	-4,027	110,129	
	<i>Asset Replacement</i>	12,900	0	12,900	
	<i>Regulatory Compliance</i>	3,943	-43	3,900	
	<i>SUPP</i>	0	0	0	
	<i>RPIP</i>	0	0	0	
	<i>Reliability Driven</i>	4,800	0	4,800	
	<i>Metering</i>	0	0	0	
	<i>SCADA/Comms</i>	5,500	-512	4,988	
	<i>Gifted Assets</i>	0	0	0	
	<i>Admin &amp; Support</i>	3,076	0	3,076	
	<i>IT &amp; Market Reform</i>	5,993	0	5,993	
	<i>Mobile Plant &amp; Vehicles</i>	0	0	0	
	<b>Total capex</b>	<b>292,493</b>	<b>-7,325</b>	<b>285,168</b>	<b>11.2</b>
Asset reason					
	<i>Growth</i>	256,281	-6,770	249,511	
	<i>Replacement and renewal</i>	12,900	0	12,900	
	<i>Improvement in service</i>	10,300	-512	9,788	
	<i>Compliance</i>	3,943	-43	3,900	
	<i>Corporate</i>	9,069	0	9,069	
	<b>Total capex</b>	<b>292,493</b>	<b>-7,325</b>	<b>285,168</b>	

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c
Asset categories				
	<i>Capacity Expansion</i>	75,900	0	75,900
	<i>Customer Access</i>	181,000	0	181,000
	<i>Generation Driven</i>	0	0	0
	<i>Asset Replacement</i>	27,300	0	27,300
	<i>Regulatory Compliance</i>	34,000	0	34,000
	<i>SUPP</i>	21,100	0	21,100
	<i>RPIP</i>	9,600	0	9,600
	<i>Reliability Driven</i>	5,500	0	5,500
	<i>Metering</i>	10,700	0	10,700
	<i>SCADA/Comms</i>	2,200	0	2,200
	<i>Gifted Assets</i>	21,993	0	21,993
	<i>Admin &amp; Support</i>	9,100	0	9,100
	<i>IT &amp; Market Reform</i>	18,000	0	18,000
	<i>Mobile Plant &amp; Vehicles</i>	0	0	0
	<b>Total capex</b>	<b>416,393</b>	<b>0</b>	<b>416,393</b>
Asset reason				
	<i>Growth</i>	278,893	0	278,893
	<i>Replacement and renewal</i>	59,100	0	59,100
	<i>Improvement in service</i>	17,300	0	17,300
	<i>Compliance</i>	34,000	0	34,000
	<i>Corporate</i>	27,100	0	27,100
	<b>Total capex</b>	<b>416,393</b>	<b>0</b>	<b>416,393</b>

# Regulatory Financial Statements

## for the year ended 30 June 2007

### 9. Operating expenditure (disaggregated)

Operating expenditure for year ended 30 June 2007

A/c Code	Description	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other	Total
Directly attributed costs							
	<i>Operations</i>	-39,775	0	-65,285	0	-31,543	-136,603
	<i>Maintenance</i>	-30,100	0	-147,100	0	0	-177,200
	<i>Customer service and billing</i>	0	0	-24,411	0	-5,230	-29,641
	<i>Corporate</i>	0	0	0	0	-13,008	-13,008
	<i>Other operating expenditure</i>	0	0	0	0	-1,146	-1,146
	<b>Total directly attributed costs</b>	<b>-69,875</b>	<b>0</b>	<b>-236,796</b>	<b>0</b>	<b>-50,927</b>	<b>-357,598</b>
Causally allocated costs							
	<i>Operations</i>	0	0	0	0	0	0
	<i>Maintenance</i>	0	0	0	0	0	0
	<i>Customer service and billing</i>	0	0	0	0	0	0
	<i>Corporate</i>	0	0	0	0	0	0
	<i>Other operating expenditure</i>	0	0	-69,700	0	0	-69,700
	<b>Total causally allocated costs</b>	<b>0</b>	<b>0</b>	<b>-69,700</b>	<b>0</b>	<b>0</b>	<b>-69,700</b>
Other allocated costs							
	<i>Operations</i>	0	0	0	0	0	0
	<i>Maintenance</i>	0	0	0	0	0	0
	<i>Customer service and billing</i>	0	0	0	0	0	0
	<i>Corporate</i>	0	0	0	0	0	0
	<i>Other operating expenditure</i>	0	0	0	0	0	0
	<b>Total other allocated costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>-69,875</b>	<b>0</b>	<b>-306,496</b>	<b>0</b>	<b>-50,927</b>	<b>-427,298</b>

# Regulatory Financial Statements for the year ended 30 June 2007

## 10. Contributions

Contributions for the year ended 30 June 2007

### Covered transmission

<b>A/c Code</b>	<b>Reason for contribution</b>	<b>Contribution amount</b>
	<i>Underground cables</i>	5,866
	<i>System reinforcement</i>	0
	<i>Asset replacement</i>	0
	<i>Customer access</i>	9,862
	<i>Vested assets</i>	0
	<i>Generation driven</i>	3,657
	<i>Generator access</i>	0
	<i>Comm Sys mobile radios</i>	1
	<b>Total contribution</b>	<u><u>19,386</u></u>

### Covered distribution

<b>A/c Code</b>	<b>Reason for contribution</b>	<b>Contribution amount</b>
	<i>Underground cables</i>	9,061
	<i>System reinforcement</i>	0
	<i>Asset replacement</i>	49
	<i>Customer access</i>	95,953
	<i>Vested assets</i>	21,994
	<i>Generation driven</i>	181
	<i>Generator access</i>	
	<i>Comm Sys mobile radios</i>	5
	<i>Customer driven</i>	880
	<b>Total contribution</b>	<u><u>128,123</u></u>

# Regulatory Financial Statements for the year ended 30 June 2007

## 10. Regulatory Adjustments Working Papers

Adjustments for the year ended 30 June 2007

Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
<b>11.1 Developer Contributions</b>	<b>147,509</b>	<b>19,386</b>	<b>0</b>	<b>128,123</b>	<b>0</b>	<b>0</b>
<i>less opening deferred revenue</i>	-148,709	-40,671	0	-108,038	0	0
<i>add closing deferred revenue</i>	189,730	52,247	0	137,483	0	0
<b>Total Contributions Received</b>	<b>188,530</b>	<b>30,962</b>	<b>0</b>	<b>157,568</b>	<b>0</b>	<b>0</b>
<b>11.2 Capitalised Borrowing Costs</b>	<b>7,325</b>	<b>7,325</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>11.3 Taxation on Regulatory Adjustments</b>	<b>-10,109</b>	<b>-1,275</b>	<b>0</b>	<b>-8,834</b>	<b>0</b>	<b>0</b>

# Regulatory Financial Statements for the year ended 30 June 2008

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# Regulatory Financial Statements for the year ended 30 June 2008

## 1. Profit and loss (disaggregated)

Profit and loss account for the year ended 30 June 2008

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
1100	Network charges	776,017	208,500	0	414,268	0	153,249
1200	Contributions	155,358	19,549	0	135,809	0	0
1300	Gross proceeds from sale of assets	7,005	1,800	0	0	0	5,205
1400	Other revenue	3,676	0	0	0	0	3,676
	<b>Total revenue</b>	<b>942,056</b>	<b>229,849</b>	<b>0</b>	<b>550,077</b>	<b>0</b>	<b>162,130</b>
2100	Operating expenditure costs	-499,796	-73,400	0	-323,600	0	-102,796
	<i>Operations</i>	-183,943	-44,700	0	-72,800	0	-66,443
	<i>Maintenance</i>	-184,200	-28,700	0	-155,500	0	0
	<i>Customer service and billing</i>	-30,695	0	0	-23,700	0	-6,995
	<i>Corporate</i>	-25,226	0	0	0	0	-25,226
	<i>Other operating expenditure</i>	-75,732	0	0	-71,600	0	-4,132
2200	Depreciation	-144,718	-42,007	0	-80,061	0	-22,650
2300	Bad debts	-745	0	0	0	0	-745
2400	Borrowing costs	-172,630	-64,804	0	-89,476	0	-18,351
2500	Book value of assets disposed	-3,284	0	0	0	0	-3,284
	<b>Earnings before taxation</b>	<b>120,883</b>	<b>49,638</b>	<b>0</b>	<b>56,940</b>	<b>0</b>	<b>14,304</b>
2600	<b>Taxation</b>	<b>-34,977</b>	<b>-14,892</b>	<b>0</b>	<b>-17,082</b>	<b>0</b>	<b>-3,003</b>
	<b>Profit after taxation</b>	<b>85,906</b>	<b>34,747</b>	<b>0</b>	<b>39,858</b>	<b>0</b>	<b>11,301</b>

# Regulatory Financial Statements for the year ended 30 June 2008

## 2. Profit and loss (regulatory financial statement)

Profit and loss account for year ended 30 June 2008

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
1100	Network charges	208,500	0	208,500	
1200	Contributions	19,549	25,075	44,624	11.1
1300	Gross proceeds from sale of assets	1,800	0	1,800	
1400	Other revenue	0	0	0	
<b>Total revenue</b>		<b>229,849</b>	<b>25,075</b>	<b>254,924</b>	
2100	Operating expenditure costs	-73,400	0	-73,400	
	<i>Operations</i>	-44,700	0	-44,700	
	<i>Maintenance</i>	-28,700	0	-28,700	
	<i>Customer service and billing</i>	0	0	0	
	<i>Corporate</i>	0	0	0	
	<i>Other operating expenditure</i>	0	0	0	
2200	Depreciation	-42,007	0	-42,007	
2300	Bad debts	0	0	0	
2400	Borrowing costs	-64,804	-12,020	-76,824	
2500	Book value of assets disposed	0	0	0	
<b>Earnings before taxation</b>		<b>49,638</b>	<b>13,055</b>	<b>62,693</b>	
2600	<b>Taxation</b>	<b>-14,892</b>	<b>-3,917</b>	<b>-18,808</b>	
<b>Profit after taxation</b>		<b>34,747</b>	<b>9,139</b>	<b>43,885</b>	

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
1100	Network charges	414,268	0	414,268	
1200	Contributions	135,809	23,228	159,037	11.1
1300	Gross proceeds from sale of assets	0	0	0	
1400	Other revenue	0	0	0	
<b>Total revenue</b>		<b>550,077</b>	<b>23,228</b>	<b>573,305</b>	
2100	Operating expenditure costs	-323,600	0	-323,600	
	<i>Operations</i>	-72,800	0	-72,800	
	<i>Maintenance</i>	-155,500	0	-155,500	
	<i>Customer service and billing</i>	-23,700	0	-23,700	
	<i>Corporate</i>	0	0	0	
	<i>Other operating expenditure</i>	-71,600	0	-71,600	
2200	Depreciation	-80,061	0	-80,061	
2300	Bad debts	0	0	0	
2400	Borrowing costs	-89,476	0	-89,476	
2500	Book value of assets disposed	0	0	0	
<b>Earnings before taxation</b>		<b>56,940</b>	<b>23,228</b>	<b>80,168</b>	
2600	<b>Taxation</b>	<b>-17,082</b>	<b>-6,968</b>	<b>-24,050</b>	
<b>Profit after taxation</b>		<b>39,858</b>	<b>16,260</b>	<b>56,118</b>	

# Regulatory Financial Statements

## for the year ended 30 June 2008

### 3. Cash flow statement (disaggregated)

Cash flow statement for the year ended 30 June 2008

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Operating activities						
1100	Receipts	945,626					
2100	Payments	-726,762					
	<b>Net operating cash flow</b>	<b>218,864</b>					
	Investing activities						
2700	Receipts	7,005					
2800	Payments	-769,610					
	<b>Net investing cash flow</b>	<b>-762,605</b>					
	Financing activities						
2900-3100	Receipts	763,019					
3200	Payments	-216,542					
	<b>Net financing cash flow</b>	<b>546,477</b>					
	<b>Net increase (decrease) in cash held</b>	<b>2,736</b>					
	Cash at beginning of period	5,785					
	Cash at end of period	8,521					

Cash transactions are in one bank account and are not able to be attributed to regulated activities.

# Regulatory Financial Statements for the year ended 30 June 2008

## 4. Cash flow statement (regulatory financial statement)

Cash flow statement for the year ended 30 June 2008

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c
	Operating activities			
1100	Receipts			
2100	Payments			
	<b>Net operating cash flow</b>			
	Investing activities			
2700	Receipts			
2800	Payments			
	<b>Net investing cash flow</b>			
	Financing activities			
2900-3100	Receipts			
3200	Payments			
	<b>Net financing cash flow</b>			
	<b>Net increase (decrease) in cash held</b>			

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c
	Operating activities			
1100	Receipts			
2100	Payments			
	<b>Net operating cash flow</b>			
	Investing activities			
2700	Receipts			
2800	Payments			
	<b>Net investing cash flow</b>			
	Financing activities			
2900-3100	Receipts			
3200	Payments			
	<b>Net financing cash flow</b>			
	<b>Net increase (decrease) in cash held</b>			

Cash transactions are in one bank account and are not able to be attributed to regulated activities.

# Regulatory Financial Statements

## for the year ended 30 June 2008

### 5. Balance sheet (disaggregated)

Balance sheet as at 30 June 2008

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Current assets						
8100	Cash	8,521	2,130	0	6,391	0	0
8200	Receivables	73,175	17,757	0	53,272	0	2,146
	Investments	0	0	0	0	0	0
8200	Prepayments	2,505	626	0	1,879	0	0
8200	Accrued revenue	57,672	21,428	0	36,244	0	0
8300	Inventories	65,618	0	0	0	0	65,618
	<b>Total current assets</b>	<b>207,491</b>	<b>41,941</b>	<b>0</b>	<b>97,786</b>	<b>0</b>	<b>67,764</b>
	Non-current assets						
8400	Property plant and equipment	4,290,033	1,697,875	0	2,448,047	0	144,111
8200	Receivables	1,148	287	0	861	0	0
	Investments	0	0	0	0	0	0
8200	Other	0	0	0	0	0	0
	<b>Total non-current assets</b>	<b>4,291,181</b>	<b>1,698,162</b>	<b>0</b>	<b>2,448,908</b>	<b>0</b>	<b>144,111</b>
	<b>Total Assets</b>	<b>4,498,672</b>	<b>1,740,103</b>	<b>0</b>	<b>2,546,694</b>	<b>0</b>	<b>211,875</b>
	Current liabilities						
8600	Trade creditors and accruals	-177,116	-42,787	0	-128,360	0	-5,969
8900	Customer deposits	-236,620	-75,909	0	-160,711	0	0
8700-8800	Provisions	-15,329	-3,832	0	-11,497	0	0
	<b>Total current liabilities</b>	<b>-429,065</b>	<b>-122,528</b>	<b>0</b>	<b>-300,568</b>	<b>0</b>	<b>-5,969</b>
	Non-current liabilities						
8500	Borrowings	-3,127,342	-1,173,972	0	-1,620,931	0	-332,439
8800	Retirement benefit obligations	-276	0	0	0	0	-276
8600	Trade creditors and accruals	-11,959	0	0	-11,409	0	-550
8900	Customer deposits	-1,413	-1,413	0	0	0	0
8700	Provisions	-14,679	-3,670	0	-11,009	0	0
	<b>Total non-current liabilities</b>	<b>-3,155,669</b>	<b>-1,179,055</b>	<b>0</b>	<b>-1,643,349</b>	<b>0</b>	<b>-333,265</b>
	<b>Total liabilities</b>	<b>-3,584,734</b>	<b>-1,301,583</b>	<b>0</b>	<b>-1,943,917</b>	<b>0</b>	<b>-339,234</b>
	<b>Net assets / (liabilities)</b>	<b>913,938</b>	<b>438,520</b>	<b>0</b>	<b>602,777</b>	<b>0</b>	<b>-127,359</b>
	Equity						
	Share capital	813,371					
	Accumulated profits/losses	100,567					
	<b>Total equity / deficiency</b>	<b>913,938</b>					
	Accumulated profits & losses						
	At start of period	57,652					
	Profit / loss retained	42,915					
	<b>At end of period</b>	<b>100,567</b>					

# Regulatory Financial Statements for the year ended 30 June 2008

## 6. Balance sheet (regulatory financial statement)

Balance sheet as at 30 June 2008

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
<b>Current assets</b>					
8100	Cash	2,130	0	2,130	
8200	Receivables	17,757	-5,192	12,565	11.3
8200	Prepayments	626	0	626	
8200	Accrued revenue	21,428	0	21,428	
	<b>Total current assets</b>	<b>41,941</b>	<b>-5,192</b>	<b>36,749</b>	
<b>Non-current assets</b>					
8400	Property plant and equipment	1,697,875	-19,343	1,678,532	11.2
8200	Receivables	287	0	287	
	<b>Total non-current assets</b>	<b>1,698,162</b>	<b>-19,343</b>	<b>1,678,819</b>	
	<b>Total Assets</b>	<b>1,740,103</b>	<b>-24,535</b>	<b>1,715,568</b>	
<b>Current liabilities</b>					
8600	Trade creditors and accruals	-42,787	0	-42,787	
8900	Customer deposits	-75,909	75,909	0	11.1
8700-8800	Provisions	-3,832	0	-3,832	
	<b>Total current liabilities</b>	<b>-122,528</b>	<b>75,909</b>	<b>-46,619</b>	
<b>Non-current liabilities</b>					
8500	Borrowings	-1,173,972	0	-1,173,972	
8900	Customer deposits	-1,413	1,413	0	11.1
8700	Provisions	-3,670	0	-3,670	
	<b>Total non-current liabilities</b>	<b>-1,179,055</b>	<b>1,413</b>	<b>-1,177,642</b>	
	<b>Total liabilities</b>	<b>-1,301,583</b>	<b>77,322</b>	<b>-1,224,261</b>	
	<b>Net assets / (liabilities)</b>	<b>438,520</b>	<b>52,787</b>	<b>491,307</b>	

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
<b>Current assets</b>					
8100	Cash	6,391	0	6,391	
8200	Receivables	53,272	-15,802	37,470	11.3
8200	Prepayments	1,879	0	1,879	
8200	Accrued revenue	36,244	0	36,244	
	<b>Total current assets</b>	<b>97,786</b>	<b>-15,802</b>	<b>81,984</b>	
<b>Non-current assets</b>					
8400	Property plant and equipment	2,448,047	0	2,448,047	
8200	Receivables	861	0	861	
	Investments	0	0	0	
8200	Other	0	0	0	
	<b>Total non-current assets</b>	<b>2,448,908</b>	<b>0</b>	<b>2,448,908</b>	
	<b>Total Assets</b>	<b>2,546,694</b>	<b>-15,802</b>	<b>2,530,892</b>	
<b>Current liabilities</b>					
8600	Trade creditors and accruals	-128,360	0	-128,360	
8900	Customer deposits	-160,711	160,711	0	11.1
8700-8800	Provisions	-11,497	0	-11,497	
	<b>Total current liabilities</b>	<b>-300,568</b>	<b>160,711</b>	<b>-139,857</b>	
<b>Non-current liabilities</b>					
8500	Borrowings	-1,620,931	0	-1,620,931	
8600	Trade creditors and accruals	-11,409	0	-11,409	
8700	Provisions	-11,009	0	-11,009	
	<b>Total non-current liabilities</b>	<b>-1,643,349</b>	<b>0</b>	<b>-1,643,349</b>	
	<b>Total liabilities</b>	<b>-1,943,917</b>	<b>160,711</b>	<b>-1,783,206</b>	
	<b>Net assets / (liabilities)</b>	<b>602,777</b>	<b>144,909</b>	<b>747,686</b>	

# Regulatory Financial Statements

## for the year ended 30 June 2008

### 7. Capital expenditure (disaggregated)

Capital expenditure for year ended 30 June 2008

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Capital additions						
	<i>Capacity Expansion</i>	170,900	109,500	0	61,400	0	0
	<i>Customer Access</i>	265,100	75,600	0	189,500	0	0
	<i>Generation Driven</i>	94,200	94,200	0	0	0	0
	<i>Asset Replacement</i>	50,800	11,400	0	39,400	0	0
	<i>Regulatory Compliance</i>	40,600	5,900	0	34,700	0	0
	<i>SUPP</i>	22,000	0	0	22,000	0	0
	<i>RPIP</i>	23,600	0	0	23,600	0	0
	<i>Reliability Driven</i>	24,000	5,100	0	18,900	0	0
	<i>Metering</i>	12,400	0	0	12,400	0	0
	<i>SCAD/Comms</i>	5,900	3,800	0	2,100	0	0
	<i>Gifted Assets</i>	20,300	0	0	20,300	0	0
	<i>Admin &amp; Support</i>	14,200	3,000	0	9,100	0	2,100
	<i>IT &amp; Market Reform</i>	47,200	11,300	0	34,000	0	1,900
	<i>Mobile Plant &amp; Vehicles</i>	19,500	0	0	0	0	19,500
	<b>Total additions</b>	<b>810,700</b>	<b>319,800</b>	<b>0</b>	<b>467,400</b>	<b>0</b>	<b>23,500</b>

# Regulatory Financial Statements for the year ended 30 June 2008

## 8. Capital expenditure (regulatory financial statement)

Capital expenditure for the year ended 30 June 2008

### Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
Asset categories					
	<i>Capacity Expansion</i>	109,500	-3,524	105,976	
	<i>Customer Access</i>	75,600	-2,181	73,419	
	<i>Generation Driven</i>	94,200	-6,133	88,067	
	<i>Asset Replacement</i>	11,400	-11	11,389	
	<i>Regulatory Compliance</i>	5,900	-169	5,731	
	<i>SUPP</i>	0		0	
	<i>RPIP</i>	0		0	
	<i>Reliability Driven</i>	5,100		5,100	
	<i>Metering</i>	0		0	
	<i>SCAD/Comms</i>	3,800		3,800	
	<i>Gifted Assets</i>	0		0	
	<i>Admin &amp; Support</i>	3,000		3,000	
	<i>IT &amp; Market Reform</i>	11,300		11,300	
	<i>Mobile Plant &amp; Vehicles</i>	0		0	
	<b>Total capex</b>	<b>319,800</b>	<b>-12,018</b>	<b>307,782</b>	<b>11.2</b>
Asset reason					
	<i>Growth</i>	279,300	-11,838	267,462	
	<i>Replacement and renewal</i>	11,400	-11	11,389	
	<i>Improvement in service</i>	8,900	0	8,900	
	<i>Compliance</i>	5,900	-169	5,731	
	<i>Corporate</i>	14,300	0	14,300	
	<b>Total capex</b>	<b>319,800</b>	<b>-12,018</b>	<b>307,782</b>	

Capital expenditure for the year ended 30 June 2008

### Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c
Asset categories				
	<i>Capacity Expansion</i>	61,400	0	61,400
	<i>Customer Access</i>	189,500	0	189,500
	<i>Generation Driven</i>	0	0	0
	<i>Asset Replacement</i>	39,400	0	39,400
	<i>Regulatory Compliance</i>	34,700	0	34,700
	<i>SUPP</i>	22,000	0	22,000
	<i>RPIP</i>	23,600	0	23,600
	<i>Reliability Driven</i>	18,900	0	18,900
	<i>Metering</i>	12,400	0	12,400
	<i>SCAD/Comms</i>	2,100	0	2,100
	<i>Gifted Assets</i>	20,300	0	20,300
	<i>Admin &amp; Support</i>	9,100	0	9,100
	<i>IT &amp; Market Reform</i>	34,000	0	34,000
	<i>Mobile Plant &amp; Vehicles</i>	0	0	0
	<b>Total capex</b>	<b>467,400</b>	<b>0</b>	<b>467,400</b>
Asset reason				
	<i>Growth</i>	271,200	0	271,200
	<i>Replacement and renewal</i>	73,800	0	73,800
	<i>Improvement in service</i>	44,600	0	44,600
	<i>Compliance</i>	34,700	0	34,700
	<i>Corporate</i>	43,100	0	43,100
	<b>Total capex</b>	<b>467,400</b>	<b>0</b>	<b>467,400</b>

# Regulatory Financial Statements

## for the year ended 30 June 2008

### 9. Operating expenditure (disaggregated)

Operating expenditure for year ended 30 June 2008

A/c Code	Description	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other	Total
	Directly attributed costs						
	<i>Operations</i>	-44,700	0	-72,800	0	-66,443	-183,943
	<i>Maintenance</i>	-28,700	0	-155,500	0	0	-184,200
	<i>Customer service and billing</i>	0	0	-23,700	0	-6,995	-30,695
	<i>Corporate</i>	0	0	0	0	-25,226	-25,226
	<i>Other operating expenditure</i>	0	0	0	0	-4,132	-4,132
	<b>Total directly attributed costs</b>	<b>-73,400</b>	<b>0</b>	<b>-252,000</b>	<b>0</b>	<b>-102,796</b>	<b>-428,196</b>
	Causally allocated costs						
	<i>Operations</i>	0	0	0	0	0	0
	<i>Maintenance</i>	0	0	0	0	0	0
	<i>Customer service and billing</i>	0	0	0	0	0	0
	<i>Corporate</i>	0	0	0	0	0	0
	<i>Other operating expenditure</i>	0	0	-71,600	0	0	-71,600
	<b>Total causally allocated costs</b>	<b>0</b>	<b>0</b>	<b>-71,600</b>	<b>0</b>	<b>0</b>	<b>-71,600</b>
	Other allocated costs						
	<i>Operations</i>	0	0	0	0	0	0
	<i>Maintenance</i>	0	0	0	0	0	0
	<i>Customer service and billing</i>	0	0	0	0	0	0
	<i>Corporate</i>	0	0	0	0	0	0
	<i>Other operating expenditure</i>	0	0	0	0	0	0
	<b>Total other allocated costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>-73,400</b>	<b>0</b>	<b>-323,600</b>	<b>0</b>	<b>-102,796</b>	<b>-499,796</b>

# Regulatory Financial Statements for the year ended 30 June 2008

## 10. Contributions

Contributions for year ended 30 June 2008

### Covered transmission

<b>A/c Code</b>	<b>Reason for contribution</b>	<b>Contribution amount</b>
	<i>Underground cables</i>	0
	<i>System reinforcement</i>	9
	<i>Asset replacement</i>	26
	<i>Customer access</i>	311
	<i>Vested assets</i>	0
	<i>Generation driven</i>	181
	<i>Generator access</i>	18,976
	<i>Comm Sys mobile radios</i>	46
	<b>Total contribution</b>	<u><u>19,549</u></u>

### Covered distribution

<b>A/c Code</b>	<b>Reason for contribution</b>	<b>Contribution amount</b>
	<i>Underground cables</i>	16,021
	<i>System reinforcement</i>	573
	<i>Asset replacement</i>	38
	<i>Customer access</i>	93,982
	<i>Vested assets</i>	20,315
	<i>Generation driven</i>	0
	<i>Generator access</i>	61
	<i>Comm Sys mobile radios</i>	0
	<i>Customer driven</i>	4,819
	<b>Total contribution</b>	<u><u>135,809</u></u>

# Regulatory Financial Statements for the year ended 30 June 2008

## 11. Regulatory Adjustments Working Papers

Adjustments for year ended 30 June 2008

Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
<b>11.1 Developer Contributions</b>	<b>155,358</b>	<b>19,549</b>	<b>0</b>	<b>135,809</b>	<b>0</b>	<b>0</b>
<i>less opening deferred revenue</i>	-189,730	-52,247	0	-137,483	0	0
<i>add closing deferred revenue</i>	238,033	77,322	0	160,711	0	0
<b>Total Contributions Received</b>	<b>203,661</b>	<b>44,624</b>	<b>0</b>	<b>159,037</b>	<b>0</b>	<b>0</b>
<b>11.2 Capitalised borrowing costs b/fwd</b>	7,325	7,325				
<b>Capitalised borrowing costs</b>	12,018	12,018				
	<b>19,343</b>	<b>19,343</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>11.3 Taxation on regulatory adjs b/fwd</b>	-10,109	-1,275		-8,834		
<b>Taxation on regulatory adjustments</b>	-10,885	-3,917		-6,968		
	<b>-20,994</b>	<b>-5,192</b>	<b>0</b>	<b>-15,802</b>	<b>0</b>	<b>0</b>

# Summary of significant accounting policies

This is a special purpose financial report prepared for the sole purpose of the Guidelines for Access Arrangement Information 2008.

The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the reporting periods presented unless otherwise stated.

## **(a) Basis of preparation**

These financial statements have been prepared in accordance with Australian Accounting Standards ('AIFRS') and Urgent Issue Group Interpretations adopted by the Australian Accounting Standards Board ('AASB'), as modified by the Guidelines for Access Arrangement Information 2008, with the exception of the disclosure requirements in the following pronouncements:

- AASB101 - Presentation of Financial Statements
- AASB107 - Cash Flow Statements
- AASB108 – Accounting Policies, Changes in Accounting Estimates and Errors
- AASB7 - Financial Instruments: Disclosures
- AASB114 - Segment Reporting
- AASB124 - Related Party Disclosures
- AASB139 - Financial Instruments: Recognition and Measurement
- AASB1031 - Materiality
- AASB1048 - Interpretation and Application of Standards
- UIG Interpretation 1017 - Developer and Customer Contributions for Connection to a Price-Regulated Network

The modifications to AIFRS as required by the Guidelines for Access Arrangement Information 2008 include:

- Any interest (or like allowance) incurred during construction is expensed;
- Asset revaluations or adjustments for impairment are only recognised in accordance with the provisions for redundant capital under sections 6.61 to 6.32 of the Access Code;
- Goodwill and any related impairments are not recognised; and
- Disaggregated financial information has been provided in accordance with the business segments outlined in the Guidelines for Access Arrangement Information 2008.

### *Historical cost convention*

These financial statements have been prepared under the historical cost convention except for derivative financial instruments, that are measured at fair value, and certain non-current financial assets and liabilities that are measured at amortised cost.

### *Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. There are no areas considered to require a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

### *Functional and presentation currency*

This financial report is presented in Australian dollars, which is the functional and presentation currency of the Corporation.

### *Rounding*

All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

### *Comparative amounts*

Comparative amounts are for the year to 30 June 2007.

### *Cost allocations*

Costs that cannot be directly attributed to an operating segment are allocated 75% to Distribution and 25% to Transmission Covered Activities in line with the assumptions in the 2008 Access Arrangement.

## **(b) Foreign currencies**

Transactions in currency other than the functional currency of the Corporation are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates. All foreign currency translation differences are recognised in the income statement except when deferred in equity for translation differences of qualifying cash flow hedges.

## **(c) Revenue recognition**

Revenues primarily represent the sales value derived from the transmission and distribution of electricity and the provision of related services and is measured at the fair value of the consideration received or receivable.

The Corporation is subject to a regulatory agreement, which determines the revenues receivable for its services. No liabilities are recognised when revenues received or receivable exceed the maximum amount permitted by regulatory agreement and adjustments will be made to future prices to reflect this over-recovery. Similarly, no assets are recognised when a regulatory agreement permits adjustments to be made to future prices in respect of an under-recovery of permitted revenues.

### *Developer and customer contributions*

The Corporation receives developer and customer contributions toward the extension of electricity infrastructure to facilitate network connection. Contributions can be in the form of either cash contributions or handover works (vested assets). Contributions are recognised when received.

# Summary of significant accounting policies (continued)

## **(d) Income tax**

Income taxes on the profit or loss for the reporting period comprise current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable on the taxable income for the reporting period and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the tax balances relate to the same taxation authority.

## **(e) GST**

Amounts in the income statement are shown excluding GST. Amounts in the balance sheet and cash flow statement are shown inclusive of any related GST.

## **(f) Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

## **(g) Inventories**

Inventories are stated at the lower of weighted average purchase cost and current replacement cost.

## **(h) Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes all expenditure directly attributable to the acquisition or construction of the asset.

No depreciation is provided on freehold land and assets in the course of construction. Depreciation is calculated on all other assets at rates estimated to write off their costs using a straight-line method over the following estimated useful economic lives. The assets received on disaggregation of Western Power Corporation are depreciated over their residual useful economic lives.

<b>Depreciation periods for categories of assets</b>	<b>Years</b>
Buildings	40
Substation plant, overhead lines and cables	50
Protection, control and communication equipment	40
Plant and equipment	10
Leasehold improvements	10
Computer equipment	3
Office equipment	up to 10
Motor vehicles	5

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal are recognised in the income statement.

## **(i) Intangible assets**

Intangible assets represent identifiable internal capitalised software costs and are recorded at historic cost less accumulated amortisation.

Internally generated intangible assets are recognised only if an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; and that the development cost of the asset can be measured reliably. Where no internally generated asset can be recognised the development expenditure is recorded in the income statement.

Capitalised software is amortised on a straight-line basis over two and a half years. This rate is reviewed on an annual basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are recognised in the income statement.

# Summary of significant accounting policies (continued)

## **(k) Financial assets and liabilities**

Cash and cash equivalents comprise cash at bank and other short-term deposits that have an original maturity of three months or less and bank overdrafts.

Trade and other receivables are non-interest bearing, unsecured and are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Trade and other receivables are determined to be impaired when there is objective evidence that the Corporation will not be able to collect all amounts due. The amount impaired is the difference between the carrying value of the receivable and the net present value of estimated future cash flows discounted at the original effective interest rate. Amounts impaired are reflected in the income statement. When a trade receivable for which an impairment provision has been recognised becomes uncollectible in a subsequent period it is written off against the provision account. Subsequent recoveries of amounts written off are credited in the income statement.

Trade and other payables are non-interest bearing, unsecured and are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings are initially recognised at fair value net of transaction costs incurred and are then subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised in the income statement as an expense when incurred.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of derivative financial instruments are included in the income statement to the extent that hedge accounting is not applied. Fair value is based on quoted market prices at the reporting date. Financial instruments are derecognised when the Corporation no longer controls the contractual rights that comprise the financial instrument.

## **(l) Hedge accounting and derivative financial instruments**

For all derivative transactions designated as a cash flow hedge, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised in the income statement immediately. When the cash flows occur, the amount that has been deferred is transferred either to the carrying value of the asset, in the case of non-financial assets, or the income statement as appropriate.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in equity is immediately transferred to the income statement.

## **(m) Provisions**

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects the market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## **(n) Employee benefits**

### *Wages and salaries, annual leave*

Liabilities arising in respect of employee benefits that are expected to be settled within 12 months of the reporting date are recognised in other payables and are measured at their nominal amount based on remuneration rates that are expected to be paid when the liabilities are settled.

### *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expected future payments are discounted using the Commonwealth Bond rates whose terms most closely match the terms of the related liabilities.

### *Retirement benefit obligations*

Contributions to defined contribution plans are recognised in the income statement as they become payable.

A liability or asset in respect of funded defined benefit superannuation plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the funds assets at that date and any unrecognised past service cost.

The retirement benefit obligations recognised in the balance sheet represent the present value of the defined benefit obligations at the reporting date. The cost of providing benefits in respect of defined benefit superannuation plans is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Current service cost is recognised in full in the income statement in the period in which the obligation increases as a result of employee services. Actuarial gains and losses are recognised directly in equity.

# Directors' Declaration

As stated in the Summary of Significant Accounting Policies, this is a special purpose financial report prepared for the purposes of the Guidelines for Access Arrangement Information 2008.

The financial statements have been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in the Summary of Significant Accounting Policies.

In the directors' opinion the financial statements and the Summary of Significant Accounting Policies set out on pages 3 to 29 have been prepared in accordance with the Guidelines for Access Arrangement Information 2008, and comply with Accounting Standards and other mandatory professional reporting requirements as detailed above.

This declaration is made in accordance with a resolution of the directors.

Mr P Mansell  
Director  
23 October 2008

Mr D Aberle  
Director  
23 October 2008