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CAPITAL POWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

CAPITAL POWER LIMITED**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1996**

| | Notes | LINE BUSINESS | | ENERGY BUSINESS | | TOTAL | |
|--|-------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 |
| Operating Income | | | | | | | |
| Sales of Electricity | | 58,703 | 52,877 | 56,380 | 52,048 | 115,063 | 104,925 |
| Less: Cost of Electricity Sales | | | | | | | |
| Purchase of Electricity | | 25,365 | 24,018 | 49,288 | 46,143 | 74,653 | 70,161 |
| Less: Gains from Unhedged Positions | | - | - | 4,659 | 1,952 | 4,659 | 1,952 |
| COST OF ELECTRICITY SALES | | 25,365 | 24,018 | 44,629 | 44,191 | 69,994 | 68,209 |
| GROSS SURPLUS ON ELECTRICITY TRADING | | 33,338 | 28,859 | 11,751 | 7,857 | 45,069 | 36,716 |
| Less: Expenses | | | | | | | |
| Operating Expenses | | 11,210 | 12,042 | 5,545 | 1,324 | 16,755 | 13,366 |
| Auditors' Remuneration - Audit Fees | | 26 | 37 | 25 | 37 | 51 | 74 |
| Auditors' Remuneration - Other Services | | 1 | 8 | 1 | 7 | 2 | 15 |
| Bad Debts | | 4 | - | 359 | - | 363 | - |
| Change in Provision for Doubtful Debts | | (1) | - | (74) | 506 | (75) | 506 |
| Depreciation | | 2,866 | 2,243 | 396 | 746 | 3,202 | 2,989 |
| Directors' and Management Fees | 10 | 56 | 76 | 53 | 77 | 109 | 153 |
| Interest on Loans | | 444 | 357 | 203 | 164 | 647 | 521 |
| Rental and Operating Lease Costs | | 453 | - | 38 | 362 | 491 | 362 |
| TOTAL EXPENSES | | 15,079 | 14,763 | 6,546 | 3,223 | 21,625 | 17,986 |
| SURPLUS FROM ELECTRICITY TRADING | | 18,259 | 14,096 | 5,205 | 4,634 | 23,444 | 18,730 |
| Other Income | | | | | | | |
| Miscellaneous Income | 11 | 1,570 | - | 235 | 1,382 | 1,805 | 1,382 |
| Interest Income | | 677 | 655 | 276 | 300 | 953 | 955 |
| TOTAL OTHER INCOME | | 2,247 | 655 | 511 | 1,682 | 2,758 | 2,337 |
| NET SURPLUS BEFORE TAX AND SUBVENTION PAYMENT | | 20,506 | 14,751 | 5,716 | 6,316 | 26,222 | 21,067 |
| Less: Subvention Payment | | - | - | 16,838 | - | 16,838 | - |
| NET SURPLUS BEFORE TAX AND AFTER SUBVENTION PAYMENT | | 20,506 | 14,751 | (11,122) | 6,316 | 9,384 | 21,067 |
| Less: Income Tax Expense/(Benefit) | 12 | 6,548 | 5,030 | (3,730) | 1,217 | 2,818 | 6,247 |
| NET SURPLUS/(DEFICIT) AFTER TAX | | 13,958 | 9,721 | (7,392) | 5,099 | 6,566 | 14,820 |
| Retained Earnings at Beginning of Year | | 13,998 | 15,793 | (8,036) | (6,105) | 5,962 | 9,688 |
| Less: Transfer to/(from) General Reserve | | - | - | 2,665 | 1,308 | 2,665 | 1,308 |
| Less: Dividend | 15 | 6,319 | 11,516 | 1,761 | 5,722 | 8,060 | 17,238 |
| Retained Earnings at End of Year | | 21,637 | 13,998 | (19,854) | (8,036) | 1,783 | 5,962 |

The attached notes form an integral part of, and should be read in conjunction with, these financial statements.

CAPITAL POWER LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 1996**

| | Notes | LINE BUSINESS | | ENERGY BUSINESS | | TOTAL | |
|--|-------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 |
| Corporate Ownership | | | | | | | |
| Share Capital | 2 | 38,206 | 38,206 | 18,794 | 18,794 | 57,000 | 57,000 |
| Reserves | 3 | - | - | 3,973 | 1,308 | 3,973 | 1,308 |
| Retained Earnings | | 21,637 | 13,998 | (19,854) | (8,036) | 1,783 | 5,962 |
| TOTAL CORPORATE OWNERSHIP | | 59,843 | 52,204 | 2,913 | 12,066 | 62,756 | 64,270 |
| Non-Current Liabilities | | | | | | | |
| Deferred Income Tax | 12 | 2,359 | 2,007 | 230 | 137 | 2,589 | 2,144 |
| TOTAL NON-CURRENT LIABILITIES | | 2,359 | 2,007 | 230 | 137 | 2,589 | 2,144 |
| Current Liabilities | | | | | | | |
| Accounts Payable and Accruals | 4 | 4,481 | 2,804 | 19,339 | 8,549 | 23,820 | 11,353 |
| Provision for Dividend | | - | 4,676 | - | 2,324 | - | 7,000 |
| TOTAL CURRENT LIABILITIES | | 4,480 | 7,480 | 19,340 | 10,873 | 23,820 | 18,353 |
| TOTAL CORPORATE OWNERSHIP AND LIABILITIES | | 66,683 | 61,691 | 22,482 | 23,076 | 89,165 | 84,767 |
| Current Assets | | | | | | | |
| Cash and Short Term Investments | 5 | 5,217 | 7,428 | 698 | 4,258 | 6,115 | 11,686 |
| Accounts Receivable | 6 | 5,893 | 4,180 | 7,106 | 5,390 | 12,999 | 9,570 |
| Stock and Work in Progress | 7 | 1,750 | 1,789 | 112 | 162 | 1,862 | 1,951 |
| Tax Refund | | 6,258 | 1,695 | 1,744 | 725 | 8,002 | 2,420 |
| TOTAL CURRENT ASSETS | | 19,118 | 15,092 | 9,660 | 10,535 | 28,978 | 25,627 |
| Non-Current Assets | | | | | | | |
| Investments | 8 | - | - | 1,045 | 1,000 | 1,045 | 1,000 |
| Fixed Assets | 9 | 47,565 | 46,599 | 11,577 | 11,541 | 59,142 | 58,140 |
| TOTAL NON-CURRENT ASSETS | | 47,565 | 46,599 | 12,622 | 12,541 | 60,187 | 59,140 |
| TOTAL ASSETS | | 66,683 | 61,691 | 22,482 | 23,076 | 89,165 | 84,767 |

The attached notes form an integral part of, and should be read in conjunction with, these financial statements.

CAPITAL POWER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996****1 STATEMENT OF ACCOUNTING POLICIES****Reporting Entity and Statutory Base**

Capital Power Limited is a company registered under the Companies Act 1993 and an energy company in terms of the Energy Companies Act 1992. Capital Power Limited (the "Company") has a balance date of 31 March.

The principal activity of the Company is that of electricity supply.

The financial statements of the Company have been prepared in accordance with Regulation 6 of the Electricity (information Disclosure) Regulations 1994.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Company.

Particular Accounting Policies

The following Particular Accounting Policies which significantly affect the measurement of financial performance and financial position have been applied:

(a) Income Recognition

Electricity sales represent customer usage during the financial period. Allowance has been made in the sales of electricity for unbilled sales (unread meters and unbilled line charges) as at balance date.

(b) Fixed Assets

All fixed assets are initially recorded at cost. Fixed assets include direct costs attributable to their construction plus the cost of capitalised overheads. Capitalisation of expenses ceases when the asset is ready for its intended use.

Depreciation is provided on a straight line or diminishing value basis on all tangible fixed assets other than freehold land, at rates calculated to allocate the assets' cost over their estimated useful lives.

Major depreciation periods are:

| | |
|-------------------------------------|---------------------|
| Distribution Equipment | 25 to 40 years (SL) |
| Freehold Buildings | 50 years (SL) |
| Motor Vehicles, Plant and Equipment | 3-5 years (SL) |
| Computer Hardware and Software | 3-5 years (SL) |

Contributions by developers towards fixed assets are recognised as revenue in the year received.

(c) Accounts Receivable

Accounts receivable have been valued at estimated net realisable value after providing for doubtful debts.

(d) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost (determined on a FIFO basis) or net realisable value.

(e) Investments

Investments have been valued at cost.

(f) Income Tax

The income tax expense for the year is the estimated liability in respect of any assessable income, after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Company follows the liability method of accounting for deferred tax. Future tax benefits attributable to losses carried forward or timing differences are recognised in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised by the Company.

(g) Operating Lease Payments

Where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, lease charges are expensed in the period in which they are incurred.

(h) Financial Instruments

The Company is party to financial instrument arrangements as part of its everyday operations, which have been recognised in these financial statements. There are no off-balance sheet exposures. These financial instruments include cash, accounts receivable, short term investments and the capital note.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

CAPITAL POWER LIMITED**NOTES TO THE FINANCIAL STATEMENTS ... continued**

| | LINE BUSINESS | | ENERGY BUSINESS | | TOTAL | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 |
| 2 SHARE CAPITAL | | | | | | |
| Paid Up Capital of 50,000,000 Ordinary Shares | 33,403 | 33,403 | 16,597 | 16,597 | 50,000 | 50,000 |
| Capital Note | 4,803 | 4,803 | 2,197 | 2,197 | 7,000 | 7,000 |
| TOTAL SHARE CAPITAL | 38,206 | 38,206 | 18,794 | 18,794 | 57,000 | 57,000 |
| The issue of shares and Capital Note was effective on 1 September 1993 in accordance with the approved Capital Power Establishment Plan. | | | | | | |
| The Capital Note of \$7,000,000 was subscribed for by Capital Holdings Limited. The major features of the terms of the Capital Note are a ten year term expiring 31 December 2003. The interest rate is reset at 30 June and 31 December each year based on the six month bank bill mid rate plus a margin. The Capital Note can be converted to ordinary shares or repaid at the option of the Company. | | | | | | |
| | LINE BUSINESS | | ENERGY BUSINESS | | TOTAL | |
| | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 |
| 3 RESERVES | | | | | | |
| Dry Weather Reserve | | | | | | |
| Opening Balance | - | - | 1,308 | - | 1,308 | - |
| Transfer from Retained Earnings | - | - | 2,665 | 1,308 | 2,665 | 1,308 |
| TOTAL RESERVES | - | - | 3,973 | 1,308 | 3,973 | 1,308 |
| The dry weather reserve is the after tax result of the spot market trading. This reserve will be used to offset exposure to high spot prices. | | | | | | |
| 4 ACCOUNTS PAYABLE AND ACCRUALS | | | | | | |
| Consumer Deposits | - | - | 1,592 | 1,501 | 1,592 | 1,501 |
| Goods and Services Tax | 573 | 481 | 159 | 206 | 732 | 687 |
| Employee Entitlements | 362 | 503 | 241 | 336 | 603 | 839 |
| Trade Creditors | 3,546 | 1,820 | 17,347 | 6,506 | 20,893 | 8,326 |
| TOTAL ACCOUNTS PAYABLE AND ACCRUALS | 4,481 | 2,804 | 19,339 | 8,549 | 23,820 | 11,353 |
| 5 CASH AND SHORT TERM INVESTMENTS | | | | | | |
| Cash | 192 | 350 | 33 | 166 | 225 | 516 |
| Short Term Deposits | 5,025 | 7,078 | 865 | 4,092 | 5,890 | 11,170 |
| TOTAL CASH AND SHORT TERM INVESTMENTS | 5,217 | 7,428 | 898 | 4,258 | 6,115 | 11,686 |
| 6 ACCOUNTS RECEIVABLE | | | | | | |
| Trade Debtors | 6,073 | 4,572 | 5,832 | 4,541 | 11,905 | 9,113 |
| Sundry Debtors | - | - | 330 | - | 330 | - |
| Other | 78 | 84 | 1,255 | 1,373 | 1,333 | 1,457 |
| | 6,151 | 4,656 | 7,417 | 5,914 | 13,568 | 10,570 |
| Less: Provision for Doubtful Debts | 258 | 476 | 311 | 524 | 569 | 1,000 |
| TOTAL ACCOUNTS RECEIVABLE | 5,893 | 4,180 | 7,106 | 5,390 | 12,999 | 9,570 |

CAPITAL POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS ... continued

| | LINEBUSINESS | | ENERGYBUSINESS | | TOTAL | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 |
| 7 STOCK AND WORK IN PROGRESS | | | | | | |
| Trading Stock | - | - | 111 | 141 | 111 | 141 |
| Non Trading Stock-Consumables | 1,864 | 1,985 | - | - | 1,864 | 1,985 |
| Less: Obsolescence Provision | 173 | 205 | - | - | 173 | 205 |
| | 1,691 | 1,780 | - | - | 1,691 | 1,780 |
| Work in Progress | 59 | 9 | 1 | 21 | 60 | 30 |
| TOTAL STOCK AND WORK IN PROGRESS | 1,750 | 1,789 | 112 | 162 | 1,862 | 1,951 |
| Stock has been pledged as security (refer to Note 16). | | | | | | |
| Stock is not subject to retention of title clauses. | | | | | | |
| 8 INVESTMENTS | | | | | | |
| Advance to Citipower Limited | - | - | 1,000 | 1,000 | 1,000 | 1,000 |
| Corporate Hospitality Box | - | - | 45 | - | 45 | - |
| TOTAL INVESTMENTS | - | - | 1,045 | 1,000 | 1,045 | 1,000 |
| 9 FIXED ASSETS | | | | | | |
| Distribution Equipment | 72,228 | 70,201 | 414 | 368 | 72,642 | 70,569 |
| Less: Accumulated Depreciation | 29,230 | 27,346 | 200 | 180 | 29,430 | 27,526 |
| | 42,998 | 42,855 | 214 | 188 | 43,212 | 43,043 |
| Buildings | 2,494 | 2,516 | 9,296 | 9,217 | 11,790 | 11,733 |
| Less: Accumulated Depreciation | 496 | 468 | 2,107 | 1,960 | 2,603 | 2,428 |
| | 1,998 | 2,048 | 7,189 | 7,257 | 9,187 | 9,305 |
| Land | 113 | 159 | 1,535 | 1,601 | 1,648 | 1,760 |
| Motor Vehicles, Plant and Equipment | 3,664 | 3,616 | 4,604 | 4,574 | 8,468 | 8,190 |
| Less: Accumulated Depreciation | 2,345 | 2,278 | 2,165 | 2,079 | 4,510 | 4,357 |
| | 1,319 | 1,338 | 2,439 | 2,495 | 3,958 | 3,833 |
| Capital Work in Progress | 1,137 | 199 | - | - | 1,137 | 199 |
| TOTAL FIXED ASSETS | 47,505 | 46,599 | 11,577 | 11,541 | 59,142 | 58,140 |
| The latest Government Valuations are as follows: | | | | | | |
| Land | 635 | 686 | 6,424 | 6,941 | 7,059 | 7,627 |
| Buildings | 1,374 | 1,368 | 4,870 | 4,849 | 6,244 | 6,217 |
| Certificates of title for the land and buildings are held by the Company. | | | | | | |

CAPITAL POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS ... continued

| | LINEBUSINESS | | ENERGYBUSINESS | | TOTAL | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 |
| 10 DIRECTORS' AND MANAGEMENT FEES | | | | | | |
| Directors' Fees | 56 | 39 | 53 | 39 | 109 | 78 |
| Management Fees - Capital Holdings Limited | - | 37 | - | 38 | - | 75 |
| TOTAL DIRECTORS' AND MANAGEMENT FEES | 56 | 76 | 53 | 77 | 109 | 153 |
| 11 MISCELLANEOUS INCOME | | | | | | |
| Gain on Sale of Fixed Assets | 1,463 | - | 187 | 1,782 | 1,650 | 1,782 |
| Rental Income from Properties | 106 | - | - | 175 | 106 | 175 |
| Street Lighting Income | - | - | 46 | 55 | 46 | 55 |
| Services Income/(Loss) | - | - | - | (46) | - | (46) |
| Appliance Trading Income/(Loss) | 1 | - | 2 | (584) | 3 | (584) |
| TOTAL MISCELLANEOUS INCOME | 1,570 | - | 235 | 1,382 | 1,805 | 1,382 |
| 12 INCOME TAX EXPENSE/(BENEFIT) | | | | | | |
| The Income Tax Expense/(Benefit) has been calculated as follows: | | | | | | |
| Prima Facie Income Tax Expense/(Benefit) at 33% of Net Surplus before Tax | 6,767 | 4,868 | (3,669) | 2,084 | 3,098 | 6,952 |
| Increase/(Decrease) in Income Tax Expense/(Benefit) due to:- | | | | | | |
| Permanent Differences | (219) | (129) | (61) | (576) | (280) | (705) |
| TOTAL INCOME TAX EXPENSE/(BENEFIT) | 6,548 | 4,739 | (3,730) | 1,508 | 2,818 | 6,247 |
| Income Tax Expense Comprises: | | | | | | |
| Current Tax | 6,196 | 4,739 | (3,824) | 1,014 | 2,372 | 5,753 |
| Deferred Income Tax | 352 | 291 | 94 | 203 | 446 | 494 |
| TOTAL INCOME TAX EXPENSE/(BENEFIT) | 6,548 | 5,030 | (3,730) | 1,217 | 2,818 | 6,247 |
| There are no income tax losses or unrecognised timing differences carried forward | | | | | | |
| DEFERRED INCOME TAX | | | | | | |
| Balance at the Beginning of the Year | 2,007 | 1,716 | 137 | (66) | 2,144 | 1,650 |
| Transferred to Statement of Financial Performance | 352 | 291 | 94 | 203 | 446 | 494 |
| BALANCE AT THE END OF THE YEAR | 2,359 | 2,007 | 231 | 137 | 2,590 | 2,144 |

There is Income Tax in dispute with the Inland Revenue Department of approximately \$698,000 (31 March 1995: \$739,000) for the undergrounding of overhead lines. Of this amount \$532,000 (31 March 1995: \$573,000) has not been provided for in these financial statements.

CAPITAL POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS ... continued

| | LINE BUSINESS | | ENERGY BUSINESS | | TOTAL | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 | 31-Mar-96 \$000 | 31-Mar-95 \$000 |
| 13 COMMITMENTS | | | | | | |
| Capital Commitments | - | - | 649 | - | 649 | - |
| Operating Lease Commitments | | | | | | |
| Not Later Than One Year | - | - | 378 | 440 | 378 | 440 |
| Later Than One Year But Not Later Than Two Years | - | - | 363 | 368 | 363 | 368 |
| Later Than Two Years But Not Later Than Five Years | - | - | 919 | 1,003 | 919 | 1,003 |
| Later Than Five Years | - | - | 472 | 754 | 472 | 754 |
| TOTAL COMMITMENTS | - | - | 2,132 | 2,565 | 2,132 | 2,565 |
| 14 CONTINGENT LIABILITIES | | | | | | |
| There exists a contingent liability for the relocation of the Chaffer Street substation before April 2003. | 823 | 823 | - | - | 823 | 823 |
| TOTAL CONTINGENT LIABILITIES | 823 | 823 | - | - | 823 | 823 |

15 RELATED PARTY TRANSACTIONS

The Company is ultimately owned by Capital Energy Limited whose shareholders are Wellington City Council (51%) and TransNewZealand Energy Limited (49%).

The Company was charged during the year \$0 (1995: \$75,000) by Capital Holdings Limited for management services.

The Company paid \$0 during the year (1995: \$7,438,000) to Wellington City Council of which \$0 (1995: \$1,700,000) was provided for as at 31 March 1996.

Wellington City Council owes the Company \$280,500 as at 31 March 1996 (1995: \$0).

Capital Holdings Limited owes the Company \$110,000 as at 31 March 1996 (1995: \$0).

The Company paid a dividend of \$8,080,000 during the year (1995: \$4,500,000) to Capital Holdings Limited who in turn paid a dividend of \$8,299,000 (1995: \$4,500,000) to Capital Energy Limited and provided for no further dividend payment in 1996 (1995: \$7,000,000) to Capital Holdings Limited which in turn provided for no further dividend payment to Capital Energy Limited (1995: \$7,000,000).

The Company paid a subvention payment of \$4,608,353 (1995: \$0) to Capital Energy Limited and provided for a further subvention payment of \$12,230,000 (1995: \$0).

The Company sells electricity to Wellington City Council. These sales account for 0.82% (1995: 1.7%) of total operating income. The Company maintains Wellington City Council's street lights including supply of energy totaling \$965,600 (1995: \$1,420,000).

Wellington City Council charged rates and EDP services to the Company. The rates paid total \$298,762 (1995: \$331,962) and EDP charges amount to \$717,216 (1995: \$1,002,732).

The Company provided accounting and computer services to Citipower Limited on an arms length basis. The term of the agreement extends to 30 June 1996.

There is an advance from the Company to Citipower Limited of \$1,000,000 (1995: \$1,000,000). The Company charged Citipower Limited interest of \$107,528 (1995: \$136,186).

The Company pays Nelson City Council for management services and for the right for the Company to manage the distribution system and for lease payments for leasing the distribution system.

No related party debts have been written off or forgiven during the year.

CAPITAL POWER LIMITED**NOTES TO THE FINANCIAL STATEMENTS ... continued****16 FINANCIAL INSTRUMENTS****Credit Risk**

Financial instruments which potentially subject the Company to credit risk principally consist of Cash and Bank Balances, Accounts Receivable and Short Term Investments.

The Company performs credit evaluations on customers where possible and generally requires a bond.

The Company continuously monitors the credit quality of the major financial institutions that are counter parties to its Short Term Investments and does not anticipate non-performance by counter parties.

Concentrations of Credit Risk

The Company is not exposed to any concentrations of credit risk.

Currency Risk

The Company is not involved in foreign exchange trading and has no exposure to foreign currency risk.

Interest Rate Risk

There are no interest rate options or interest rate swap agreements in place as at balance date.

Fair Values

The estimated fair values of all financial instruments are the same as the carrying values disclosed in these financial statements.

Credit Facility

The Company did not have a bank overdraft facility as at balance date (1995: \$0).

Debenture Security

The Company has jointly signed with Capital Energy Limited and Capital Holdings Limited a first ranking all obligation debenture over all its assets. This is security for Capital Energy Limited's \$65 million loan from Citibank N.A. and The National Bank of New Zealand. The priority ranking of the debenture is \$135 million.

18 SEGMENTAL REPORTING

The Group operates in the electricity distribution industry in the Wellington and Nelson region. No segmental reporting is therefore required.

CAPITAL POWER LIMITED

Disclosure of methodologies for allocation of costs, revenues, assets and liabilities pursuant to Regulation 19 of the Electricity (Information Disclosure) Regulations 1994.

In allocating costs, revenues, assets and liabilities, Capital Power Limited has followed the approach in the Electricity Disclosure Guidelines issued by the Ministry of Commerce with the following exceptions:

| <u>Cost Centre</u> | <u>Expenses Allocated</u> | <u>Allocation Basis</u> |
|------------------------|--|--|
| Finance | All expenses incurred by the Finance entity including personnel, operating and management costs. | Time spent by finance personnel taking into account task complexity |
| Information Technology | All expenses incurred by the IT entity including personnel, operating and management costs. | Number of PCs, system supported, projects undertaken and personnel costs |
| Property (rent) | All expenses incurred by the Property entity including rents, rates and other overheads. | Floor space occupied |
| Human Resource | All expenses incurred by the HR entity including personnel, operating, payroll and management costs. | Number of staff |
| Corporate Services | Overheads associated with management and servicing the business. | Number of staff |
| Billing | All expenses incurred by the Billing entity including personnel, operating and management costs. The billing entity is responsible for revenue collection and credit control. | Revenue |
| Meter Reading | All expenses incurred by the Meter Reading entity including personnel, operating and management costs. | Revenue |
| Commercial Accounts | All expenses incurred by the Commercial Accounts entity including personnel, operating and management costs. This entity is responsible for direct contacts with customers and advises customers on tariffs and consumption options. | Revenue |
| Promotions | All expenses incurred by the Advertising and Promotion entity including personnel, operating and management costs. This entity is responsible for informing the public about Capital Power and the services it provides. | Revenue |
| Line Losses | Electricity utilised within the Capital Power system. | Capital Power Limited has opted to include the cost of line losses in its network tariffs. In establishing the network tariffs the cost of losses has been allocated to customer groups on the basis of consumption. |

CAPITAL POWER LIMITED**Disclosure of Financial and Efficiency Performance Measures Pursuant to Regulation 13 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994****1 FINANCIAL PERFORMANCE MEASURES**

| | LINE BUSINESS | |
|--|---------------|-----------|
| | 31-Mar-96 | 31-Mar-95 |
| Accounting Return on Total Assets: | | |
| Earnings Before Interest & Tax | 9.8% | 6.9% |
| Average Total Funds Employed | | |
| Accounting Return on Equity: | | |
| Net Profit after Tax | 6.0% | 4.3% |
| Average Total Shareholders' Funds | | |
| Accounting Rate of Profit: | | |
| EBIT - Cash Tax - Interest Tax Shield + Revaluations | 5.6% | 4.1% |
| Average Total Funds Employed - Revaluations/2 | | |

These financial performance measures were based on the adjusted line business financial statements, which incorporate the adjustments necessary to reflect the fixed assets at ODV. The ODV valuation was audited by Coopers & Lybrand.

2 EFFICIENCY PERFORMANCE MEASURES

| | | |
|---|------------|------------|
| Direct Line Cost per Kilometre: | | |
| Direct Expenditure | \$2,881.39 | \$2,856.80 |
| System Length (km) | | |
| Indirect Line Costs per Electricity Customer: | | |
| Indirect Expenditure | \$145.89 | \$177.00 |
| Total Customers | | |

CAPITAL POWER LIMITED

Electricity (Information Disclosure) Regulations 1994 Regulation 14A (2)

Total Value of Line Business

The Capital Power Line Business Valuation in the certified report dated 30 June 1994 was \$153.097 million

CAPITAL POWER LIMITED

Disclosure of Energy Delivery Efficiency Performance Measures and Statistics Pursuant to Regulation 15 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1994.

Energy Delivery Efficiency Performance Measures: Period : 1 April 1995 - 31 March 1996

| | | | 1995/6 | 1994/5 |
|-----------------------|-----------------------------------|---|--------|--------|
| Load Factor: | $\frac{a}{b \times c} \times 100$ | = | 55.11% | 52.40% |
| | $\frac{1}{1}$ | | | |
| Loss ratio: | $\frac{a}{b} \times 100$ | = | 3.98% | 3.80% |
| | $\frac{1}{1}$ | | | |
| Capacity Utilisation: | $\frac{a}{b} \times 100$ | = | 40.14% | 39.70% |
| | $\frac{1}{1}$ | | | |

Statistics - Period : 1 April 1995 - 31 March 1996

| | Kilometres | 1994/5 Kilometres |
|---|---------------|----------------------------|
| | 33kV | |
| System length breakdown | 72.7 | 72.7 |
| Underground circuit length | 72.7 | 72.7 |
| Overhead circuit length | 0 | 0 |
| | 11kV | |
| System length breakdown | 406.6 | 403.6 |
| Underground circuit length | 379.6 | 376.6 |
| Overhead circuit length | 27 | 27 |
| | 400V | |
| System length breakdown | 772.9 | 769.5 |
| Underground circuit length | 453.9 | 450 |
| Overhead circuit length | 319 | 319.5 |
| | Total | |
| System length breakdown | 1252.2 | 1245.8 |
| Underground circuit length | 906.2 | 899.3 |
| Overhead circuit length | 346 | 346.5 |
| Transformer capacity | 551,865 | 539,015 kVA |
| Maximum demand | 221,500 | 209,100 kilowatts |
| Total electricity supplied | 1,021,016,239 | 976,310,000 kilowatt-hours |
| Total electricity conveyed for non-associated parties | 5,100,000 | 0 kilowatt-hours |
| Total customers | 55,800 | 55,831 |

CAPITAL POWER LIMITED

Disclosure of Reliability Performance Measures Pursuant to Regulation 16 and Part II of the First Schedule of the Electricity (Information Disclosure) Regulations 1998

Reliability Performance Measures Period : 1 April 1995 - 31 March 1996

Note: Interruption duration factor is sum of customers affected by time of interruption (in minutes).

| Total Number of interruptions (above 3.3kV) | | Duration Factor | | Customers affected | 1994/5 |
|---|---------|-----------------|------------------|--------------------|------------|
| Planned interruption by Trans Power | Class A | 0 | 0 | 0 | 0 |
| Planned interruption by Capital Power | Class B | 42 | 144,048 | 5,873 | 55 |
| Unplanned interruption within Capital Power Network | Class C | 51 | 318,786 | 4,778 | 58 |
| Unplanned interruption by Trans Power | Class D | 4 | 1,146,360 | 95,234 | 4 |
| Unplanned interruption in generation by ECNZ | Class E | 0 | 0 | 0 | 0 |
| Unplanned interruption by other generator | Class F | 0 | 0 | 0 | 0 |
| Other interruptions | Class G | 0 | 0 | 0 | 0 |
| Total | | 97 | 1,609,194 | 105,885 | 117 |

| Total number of faults per 100 circuit kilometres of prescribed voltage electric line | | | | 1994/5 |
|---|------|-------|-----------|--------|
| | | Total | per 100km | |
| | 33kV | 1 | 1.38 | 0 |
| | 11kV | 50 | 12.30 | 14.37 |
| | Sum | 51 | 10.64 | 12.18 |

| Total number of faults per 100 circuit kilometres underground, by prescribed voltage | | | | 1994/5 |
|--|------|-------|-----------|--------|
| | | Total | per 100km | |
| | 33kV | 0 | 0.00 | 0 |
| | 11kV | 17 | 4.78 | 7.44 |
| | Sum | 17 | 3.76 | 6.23 |

| Total number of faults per 100 circuit kilometres overhead, by prescribed voltage | | | | 1994/5 |
|---|------|-------|-----------|--------|
| | | Total | per 100km | |
| | 33kV | 0 | 0.0 | 0.00 |
| | 11kV | 33 | 122.2 | 111.11 |
| | Sum | 33 | 122.22 | 111.11 |

CAPITAL POWER LIMITED

| <i>(interruption duration factor for all interruptions / total customers)</i> | | SAIDI |
|---|--------------|--------------|
| <i>SAIDI by interruption class (minutes)</i> | Class A | 0 |
| | Class B | 2.58 |
| | Class C | 5.71 |
| | Class D | 20.54 |
| | Class E | 0.00 |
| | Class F | 0.00 |
| | Class G | 0.00 |
| | Total | 28.84 |

| |
|-------|
| 0.00 |
| 4.30 |
| 9.18 |
| 3.63 |
| 0.00 |
| 0.00 |
| 0.00 |
| 17.11 |

| <i>(sum affected customers / total number of customers)</i> | | SAIFI |
|---|--------------|-------------|
| <i>SAIFI by interruption class (proportion of customers affected)</i> | Class A | 0.00 |
| | Class B | 0.11 |
| | Class C | 0.09 |
| | Class D | 1.71 |
| | Class E | 0.00 |
| | Class F | 0.00 |
| | Class G | 0.00 |
| | Total | 1.90 |

| |
|------|
| 0.00 |
| 0.01 |
| 0.30 |
| 0.50 |
| 0.00 |
| 0.00 |
| 0.00 |
| 0.81 |

| <i>(total duration factors / sum customers affected)</i> | | CAIDI |
|--|--------------|--------------|
| <i>CAIDI by interruption class (minutes/customer affected)</i> | Class A | N.A. |
| | Class B | 24.53 |
| | Class C | 66.72 |
| | Class D | 12.04 |
| | Class E | N.A. |
| | Class F | N.A. |
| | Class G | N.A. |
| | Total | 15.20 |

| |
|--------|
| N.A. |
| 314.06 |
| 30.50 |
| 7.30 |
| N.A. |
| N.A. |
| N.A. |
| 21.07 |

15.19756339

CAPITAL POWER LIMITED

Electricity (Information Disclosure) Regulations 1994 Regulation 25(4)

Certification by Auditor in Relation to ODV Valuation

We have examined the valuation report prepared by Capital Power Limited and dated July 1995, which report contains valuations as at 30 June 1994.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report have been made in accordance with the ODV Handbook.

Coopers & Lybrand
4 August 1995

Explanatory Note

In providing this certificate we have relied on the technical expertise and advice provided to us by Worley Consultants Limited in relation to compliance of valuation with the ODV Handbook in the areas of asset replacement costs, asset lives, modern equivalent assets and optimisation.

As at the date of the valuation Capital Power Limited ("Capital Power") did not have separate audited financial statements for its electricity line business. The working capital amounts included in the ODV valuation have been determined by Capital Power. We have not audited these amounts or the underlying records from which they have been extracted.



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

We have examined the attached financial statements prepared by Capital Power Limited and dated 30 August 1996 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in black ink, appearing to read 'C R Fabling'.

C R Fabling
Audit New Zealand
On behalf of the Controller and Auditor-General

Wellington, New Zealand

30 August 1996



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

We have examined the attached information, being-

- a Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and
- b Financial components of the efficiency performance measures specified in clause 2 of Part II of that Schedule,-

and having been prepared by Capital Power Limited and dated 30 August 1996 for the purposes of regulation 13 of those regulations.

We certify that, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in cursive script, appearing to read 'C R Fabling'.

C R Fabling
Audit New Zealand
On behalf of the Controller and Auditor-General

Wellington, New Zealand

30 August 1996

CAPITAL POWER LIMITED

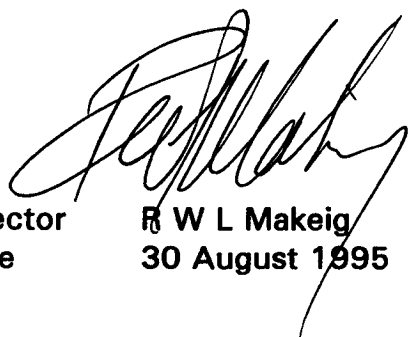
Electricity (Information Disclosure) Regulations 1994 Regulation 26(2)

Certification of Financial Statements, Performance Measures and Statistics Disclosed by Capital Power Limited

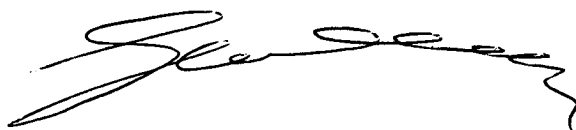
We, R W L Makeig and G W Kay, directors of Capital Power Limited certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Capital Power Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- (b) The attached information being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance in relation to Capital Power Limited and having been prepared for the purposes of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those performance measures are based are as at 30 June 1994.



Director R W L Makeig
Date 30 August 1995



Director G W Kay
Date 30 August 1995



