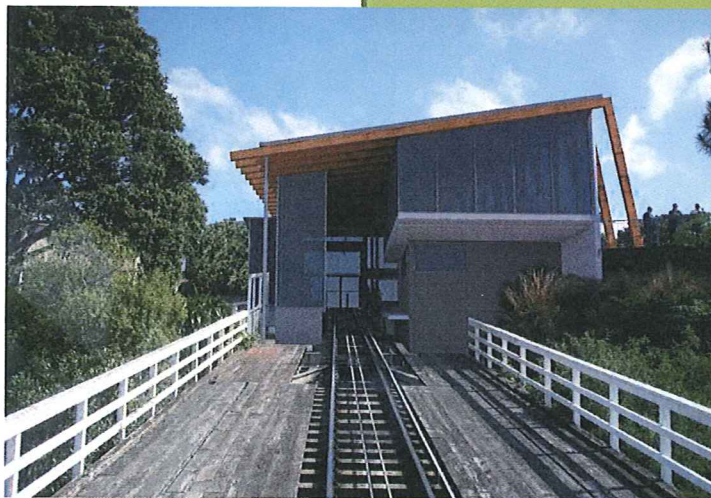
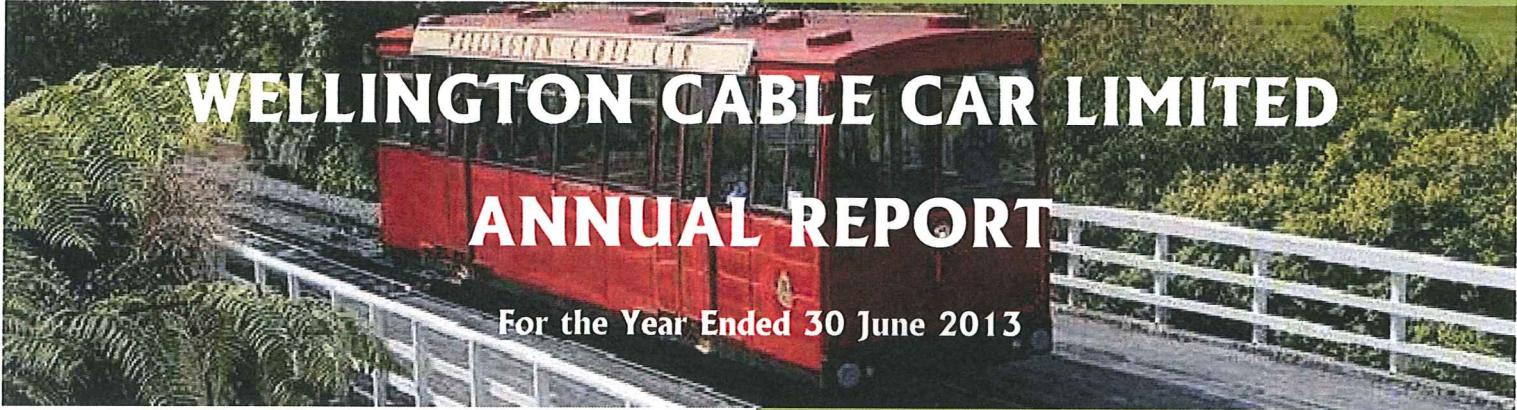


WCCL
TRACTION SERVICES



Wellington Cable Car Limited
Annual Report
For the Year Ended 30th June 2013

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Wellington Cable Car Limited

Company Directory

As at 30th June 2013

Issued Capital	7,434,746 fully paid Ordinary Shares
Registered Office	30 Glover Street Ngauranga Wellington, NEW ZEALAND
Directors	Mr R Drummond Dr N L Crauford (Appointed 1 July 2011) Mr A Briscoe (Appointed 1 January 2012)
Company Number	502158
Auditors	Audit New Zealand on behalf of the Auditor-General
Bankers	ANZ Limited
Share Registry	Level 4, Civic Administration Building 101 Wakefield Street Wellington, NEW ZEALAND
Solicitors	DLA Phillips Fox
Date of Formation	2 April 1991

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

The Directors of Wellington Cable Car Limited ("WCCL" or "the Company") take pleasure in submitting their report to the shareholder for the financial year ended 30 June 2013.

Principal Activity

The Company was established to own and manage Wellington's unique cable car passenger service and the trolley bus overhead network.

Nature of Income

The primary business activities of WCCL are:

1. Provision of the Cable Car passenger service, to meet the needs of local commuters and other users from within New Zealand and internationally, financed from passenger fare income and any additional revenue developed from increasing WCCL's tourism related activity;
2. Provision of the trolley bus overhead network for use by trolley bus services in Wellington City, with income from payments by Greater Wellington Regional Council (GWRC) under a contract, on a cost recovery basis, to cover reactive and planned maintenance of the existing overhead network;
3. Infrastructure-related activities undertaken within Wellington City on a profit earning basis, being:
 - i. Projects initiated by third parties other than GWRC requiring the overhead network to be relocated and/or modified;
 - ii. Protection of the trolley bus overhead network from damage, by escorting high loads through the city, and protection of parties requiring safe access in proximity to overhead lines by de-energising the lines;
 - iii. Rentals for access and use of the company's poles by other utilities.

The Year's Highlights

- The Total Comprehensive Income for the year net of tax was a surplus of \$78,281 (2012: \$632,526). Total Comprehensive Income includes the effect of a significant impairment of the overhead network, and therefore the more relevant figure to refer to is the net profit after tax which was \$254,281 for the year (2012: 632,526). In 2013 there was a negative impairment of \$801,511 arising from the annual assessment of carrying value of the trolley bus overhead wire system. \$244,444 of this was recognised through the utilisation of the existing revaluation reserve whilst \$557,067 was recognised as an expense in the Statement of Comprehensive Income and included within the net profit after tax figure of \$254,281. If this negative impairment was excluded the Company would have had a very positive year, with a net profit before tax of \$786,457 (2012: 1,181,383).
- There were 1.060 million passenger trips on the Cable Car, a small decrease of 1% over last year. The lower than anticipated growth in the number of trips purchased is attributed to the continuing tight economic conditions, and student patronage decreasing due to competition from Go Wellington's Bus Service. There has also been a minor impact on passenger numbers as a result of the construction of the new terminus at Kelburn.

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

- A very high reliability, in excess of 99%, was achieved by the Cable Car;
- Our "in-house" staffing of the Cable Car service continued to provide a high level of customer satisfaction, as shown in the annual survey;
- 62 Trolley bus overhead poles were replaced as part of the urgent and critical maintenance programme;
- Significant work being completed on the design of a Network Wide Safety Protection System in respect of the Overhead Network, which is planned to be rolled out in 2014.
- The continued development of the trolley bus overhead network maintenance data base and its electronic interface for field staff inputs, allowing detailed compilation of maintenance requirements;
- Adequate funding was received from GWRC for maintenance of the trolley bus overhead network, allowing the backlog of urgent and critical maintenance on the trolley bus overhead network to continue to be addressed.

Review of Activities

Significant activities have taken place over the last twelve months, for both the Cable Car and the trolley bus overhead network.

Cable Car Operations

- i. WCCL maintained the cable cars, stations, tunnels, bridges and a wide range of equipment to the required high standards to meet safety requirements. The annual safety assessment was carried out in April 2013 and a safety assessment report issued raised a small number of conditions and recommendations for attention, which were largely of an administrative nature. Following consideration of WCCL's responses and the objective evidence submitted, full clearance was given, NZTA noting that it was satisfied that WCCL is fully compliant. All conditions and recommendations from the previous assessment had been satisfied.
- ii. The major project which commenced during the 2013 financial year was the replacement of the Kelburn Terminus. As at the writing of this report, construction is progressing well and the new terminus is planned to be completed in October 2013 allowing it to be enjoyed over the summer period and tourist season.
- iii. The electric shuttle bus service between the Cable Car Terminus at Kelburn and the lower Botanic Garden commenced in January 2013 and the Company is looking to enhance this service further in the future.
- iv. WCCL's "in-house" staffing of the cable car operation continues to be successful in improving the levels of customer service.
- v. There were 1.060 million passenger trips on the Cable Car, a small decrease of 1% over last year. The lower than anticipated growth in the number of trips purchased is attributed to the continuing tight economic conditions, and student patronage decreasing due to competition from Go Wellington's Bus Service. There has also been a minor impact on passenger numbers as a result of the construction of the new terminus at Kelburn.

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

Trolley Bus Overhead Network

The programme of planned work undertaken during 2012/13 to maintain the trolley bus overhead network was determined in accordance with the condition-based monitoring principles of the 10 year Asset Management Plan, which was first operative for the 2008/09 year. The predominant planned work undertaken during the 2012/13 year related to:

- Replacement of 62 poles and 11 special aerial switches (for changing buses to a different track). No roadside DC feeder pillars were replaced in the 2013 year given this will form part of the safety protection system.
- A significant amount of design and testing was undertaken in respect of a network wide safety protection system. This had originally been planned to be commenced in the 2013 year, however areas of design continued to be undertaken and the Company has been working closely with Wellington Electricity Lines Ltd (WELL) to determine the feasibility of a joint project. It has subsequently been determined that this is not feasible and WCCL will therefore continue to design and roll out its own safety protection system
- There has been continued development of the Company's internal inspection and conditioning database. The work that has been completed on this has received praise from other similar network operators from overseas and our main supplier of componentry for the overhead network.

In addition, reactive maintenance was undertaken as necessary, in rapid response to incidents, however caused, that result in damage to the overhead network.

The Funding Agreement entered in to with GWRC was for an initial term until 30 June 2012, and with provision to renew until 30 June 2017. In this Agreement GWRC provide funding to WCCL for planned and reactive maintenance work on the trolley bus overhead network, and WCCL provide its overhead network for use by the owner of Wellington's trolley bus passenger services. Prior to the expiry of the initial term, GWRC requested extension of the Agreement until 30 June 2017, which WCCL accepted.

One of the major unknown factors effecting the Company is the outcome of the review of the future of Trolley Buses in Wellington which GWRC will be undertaking in the 2014 year. Whilst not directly involved in this review, the Company will be assisting wherever possible to provide all information to ensure that an informed decision can be made.

The Company has also continued to progress the ability to receive a higher level of income from third party users on the Overhead Network poles. In the 2014 year the Company intends to provide a lot more focus on this project and commence commercial negotiations with all parties involved.

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

Result for the Year

The company achieved a Net Surplus Before Taxation of \$229,390 for the year, comprising \$846,851 from normal trading operations (being Profit before Tax and impairment) and an extraordinary amount of \$557,067 relating to the impairment of the Overhead Network.

The profit after tax of \$254,281 is reduced by a net adjustment of Other Comprehensive Income of \$176,000 arising from the annual assessment of the carrying value of the trolley bus overhead wire system. The reduction in carrying value is attributable to slower than expected progress on agreements with third party users in relation to the charging for connections to the Overhead Network. As stated previously, during the 2014 year GWRC will be completing the review regarding the future of Trolley Buses in Wellington. The outcome of this review (if it is decided not to continue with Trolley Buses) is likely to have a material impact on the value of the Overhead Network. As such, Directors will reassess the position as part of completing the 2014 Annual Financial Statements.

The number of passenger trips and the company's fare income from the cable car operations were below budget, but the fare income was an increase on last year.

The company's income from its other profit-earning infrastructure activities was reduced on the previous year due to proposed projects being delayed or abandoned for economic or resource consenting reasons.

The company has carried out the maintenance and replacement activities detailed in the 2012/13 year of the long term Trolley Bus Overhead Network Asset Management Plan. The primary focus has been on the design and implementation of a network wide safety protection system. Given this project did not commence in the 2013 year and is still in the design stage it has resulted in the income received from GWRC in the year being significantly less than budgeted and also compared to the prior year. In addition, a significant number of unplanned maintenance items were dealt with, caused by third parties and the operation of trolley buses, particularly while traversing through the special aerial switches.

The total expenditure on the trolley bus overhead network maintenance was \$3,814,140 (2012: \$5,632,103), which was met by payment of that amount to WCCL by GWRC.

In summary, the result from the company's activities for the year is as follows:

	2013	2012
	\$000	\$000
Income	6,646	8,414*
Expenses	<u>(6,417)</u>	<u>(7,233)</u>
Profit Before Tax*	229	1,181*
Taxation (Expense)/Credit	156	(232)
Subvention Payment	<u>(131)</u>	<u>(317)</u>
Net Surplus after Tax	<u>254</u>	<u>632*</u>
Other Comprehensive Income	(176)	-
Total Comprehensive Income	<u>78</u>	<u>632*</u>

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

*As a result of accounting treatment of the funding payment received from GWRC for the purchase of new tower wagons for maintenance of the trolley bus overhead network.

The state of the Company's affairs as at 30 June 2013 was:

	2013	2012
	\$000	\$000
Assets totalled	<u>9,928</u>	<u>10,681</u>
Financed by:		
Liabilities	2,305	3,042
Shareholder's Equity	<u>7,623</u>	<u>7,639</u>
Total Financing	<u>9,928</u>	<u>10,681</u>

Dividend

The directors will pay a dividend to the shareholder from the results for the 2012/13 year in accordance with the Dividend Policy established in the Statement of Intent 2012/13.

Directors

The Company held six Board meetings during the year.

Attendance of directors at meetings of the Board was:

R Drummond (Chairman)	6/6
N Crauford	6/6
A Briscoe	6/6

Directors' Interests/Remuneration

There were no transactions in which the directors had an interest. During the year the Board received no notices from directors requesting use of company information received in their capacity as directors which would not otherwise have been available to them.

The directors are insured under the Combined Directors & Officers policy in respect of liability and costs in accordance with the Companies Act 1993.

During the year no directors acquired or disposed of shares in the company. Other than directors' fees no other remuneration was paid to the directors by the company.

The following Directors' Fees were paid to directors:

R Drummond (Chairman)	\$30,000
N Crauford	\$15,000
A Briscoe	\$15,000

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

Donations

A donation of \$3,902 was made to Wellington Free Ambulance arising from participation by the Cable Car service in the Gold Coin Day which promoted Wellington attractions to residents.

General

The Board and Management's focus throughout the year was to:

1. Ensure that the cable car assets were maintained to the high standard required of a business involving the safety of passengers and the public at large;
2. Ensure that the appropriate level of customer service was provided in the cable car operation, that additional sources of revenue were being developed and marketing activity optimised;
3. Progress the development of appropriate revenue from pole service charges for the trolley bus poles occupied by third parties;
4. Implement the planned 2012/13 replacements identified as being urgently required in the trolley bus overhead network Asset Management Plan 2008/09 – 2017/18.

The operations of the company, with oversight by the Board and Management and the endeavours of our staff, have contributed to another successful year.

Auditor

The auditors are appointed under Part 5, Section 69 of the Local Government Act 2002.

Audit New Zealand has been appointed by the Auditor-General to provide these services.



R Drummond
CHAIRMAN



Dr N L Crauford
DIRECTOR

Wellington Cable Car Limited
Statement of Comprehensive Income
For the Year Ended 30th June 2013

	<i>Note</i>	2013 \$	2012 \$
INCOME			
Operating Income	4	6,549,832	8,331,182
Interest Income		<u>97,073</u>	<u>83,383</u>
Total Operating Income		6,646,905	8,414,565
EXPENSES			
Operations and general	5	4,320,071	5,709,370
Auditors' remuneration	6	35,800	19,876
Impairment of receivables		-	17,866
Directors' remuneration	8	60,000	52,500
Depreciation	15	186,666	197,353
Loss on Disposal		36,360	-
Amortisation	16	26,181	34,233
Employees remuneration		1,069,612	1,075,240
Operating leases		125,759	126,744
Revaluation/impairment		<u>557,066</u>	<u>-</u>
Total Operating Expenses		6,417,515	7,233,182
PROFIT BEFORE TAX		<u>229,390</u>	<u>1,181,383</u>
Income Tax Expense	13	(155,993)	231,957
Subvention Payment Made		131,102	316,900
NET PROFIT AFTER TAX		<u>\$254,281</u>	<u>\$632,526</u>
OTHER COMPREHENSIVE INCOME:			
Revaluations - Net Gain/(Reduction)	21	(244,444)	-
Income tax (expense)/benefit relating to components of other comprehensive income	21	<u>68,444</u>	<u>-</u>
Other Comprehensive Income		(176,000)	-
TOTAL COMPREHENSIVE INCOME		<u><u>\$78,281</u></u>	<u><u>\$632,526</u></u>

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Statement of Changes in Equity
For the Year Ended 30th June 2013

	Note	2013 \$	2012 \$
EQUITY AT START OF YEAR		7,639,223	7,016,697
SURPLUS & REVALUATIONS			
Profit after Tax		254,281	632,526
Total Other Comprehensive Income for the Year		<u>(176,000)</u>	<u>-</u>
Total Income and Expense		78,281	632,526
OTHER MOVEMENTS			
Distribution to Owners	7	<u>(94,380)</u>	<u>(10,000)</u>
EQUITY AT END OF YEAR		<u><u>\$7,623,124</u></u>	<u><u>\$7,639,223</u></u>
MOVEMENTS IN RETAINED EARNINGS	21		
Retained Earnings at start of year		28,377	(594,149)
Net Profit		254,281	632,526
Dividends A Shares		<u>(94,380)</u>	<u>(10,000)</u>
Retained Earnings at End of Year		188,278	28,377
MOVEMENTS IN RESERVES	21		
Balance at Start of Year		176,000	176,000
Total Other Comprehensive Income for the Year		<u>(176,000)</u>	<u>-</u>
Balance at End of Year		-	176,000
MOVEMENTS IN ISSUED CAPITAL	21		
Balance at Start of Year		<u>7,434,846</u>	<u>7,434,846</u>
Balance at End of Year		7,434,846	7,434,846
		<u><u>\$7,623,124</u></u>	<u><u>\$7,639,223</u></u>

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

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Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2013

	<i>Note</i>	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents		1,348,438	676,683
Short Term Investments		1,306,312	1,535,743
Taxation		65	18,727
Trade and other receivables	11	1,412,760	1,827,103
Inventories		844,171	923,109
Prepayments		<u>19,832</u>	<u>31,049</u>
Total Current Assets		4,931,578	5,012,414
NON-CURRENT ASSETS			
Property, plant & equipment	15	4,973,679	5,620,076
Intangibles	16	<u>22,889</u>	<u>49,070</u>
Total Non-Current Assets		4,996,568	5,669,146
TOTAL ASSETS		9,928,146	10,681,560
CURRENT LIABILITIES			
GST due for payment		90,735	110,093
Trade and other payables	12	1,577,127	1,978,568
Employee Benefit liabilities		167,655	210,638
Finance leases - current portion	17	<u>3,110</u>	<u>2,632</u>
Total Current Liabilities		1,838,627	2,301,931
NON-CURRENT LIABILITIES			
Finance leases - non-current portion	17	6,863	9,973
Deferred tax liability	14	<u>459,532</u>	<u>730,433</u>
Total Non-Current Liabilities		466,395	740,406
TOTAL LIABILITIES		2,305,022	3,042,337
NET ASSETS		<u>\$7,623,124</u>	<u>\$7,639,223</u>


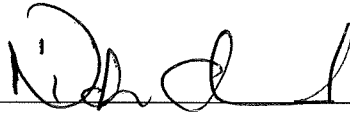
*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2013

	<i>Note</i>	<i>2013</i>	<i>2012</i>
		\$	\$
Represented by:			
EQUITY			
Share capital	21	7,434,846	7,434,846
Reserves	21	-	176,000
Retained Earnings	21	<u>188,278</u>	<u>28,377</u>
TOTAL EQUITY		<u><u>\$7,623,124</u></u>	<u><u>\$7,639,223</u></u>

The accompanying notes form part of these Financial Statements and should be read in conjunction with the reports contained herein.

For and on behalf of the Board :

Director  Director 
Date 18th September 2013

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*



Wellington Cable Car Limited
Statement of Cash Flow
For the Year Ended 30th June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from operations		6,961,959	7,670,464
Payments to suppliers and employees		(5,968,143)	(6,718,193)
Payments of Tax		(27,802)	(18,124)
Subvention payment		(131,102)	(316,900)
Goods and services tax (net)		(19,358)	(41,051)
<i>Net cash from operating activities</i>	10	815,554	576,197
Cash flows from investing activities			
Receipts from interest		99,290	83,383
Purchase of property, plant and equipment		(378,142)	(332,584)
Investment in term deposits		229,432	(775,689)
<i>Net cash from investing activities</i>		(49,420)	(1,024,890)
Cash flows from financing activities			
Dividend		(94,379)	(10,000)
<i>Net cash from financing activities</i>		(94,379)	(10,000)
Net (decrease)/increase in cash and cash equivalents		671,755	(458,694)
Cash and cash equivalents as at the beginning of the year		676,683	1,135,377
Cash and cash equivalents at the end of the year		<u>1,348,438</u>	<u>676,683</u>

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Wellington Cable Car Limited ('the company'). Wellington Cable Car Limited is a company wholly owned by Wellington City Council and is registered under the Companies Act 1993. It is a Council-controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002.

The financial statement for Wellington Cable Car Limited are for the year ended 30 June 2013, and were approved by the Board on DD/MM/2013.

The financial statements of Wellington Cable Car Limited have been prepared in accordance with the reporting requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

For the purposes of financial reporting the Company is a profit oriented entity.

Statement of Compliance

The financial statements have been prepared in compliance with New Zealand generally accepted accounting practice (NZ GAAP), applying differential reporting.

Measurement Base

The financial statements of Wellington Cable Car Limited have been prepared on an historical cost basis, except as noted otherwise below.

The information is presented in New Zealand dollars.

Changes in Accounting Policies

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

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Company, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. The Company has not yet assessed the effect of the new standard and expects it will not be early adopted.

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures - The amendment may reduce the disclosure requirements relating to credit risk. The Company has not yet assessed the effect of the amendments.

- The new for-profit accounting standards framework is required to be adopted for reporting periods beginning on or after 1 December 2012. The Company has not yet assessed the effect of the new framework and expects it will not be early adopted.

- NZ IFRS 13 Fair value measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

- IAS19 Employee benefits, was amended in June 2011. The impact on the Company will be as follows: to immediately recognise all past service costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company is yet to assess the full impact of the amendments.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company is classified as a Tier 1 reporting entity and it will be required to apply full NZ IFRS.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The following amendments and revision to standards have been early adopted:

- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) - These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The adoption of FRS-44 has had only a presentational or disclosure effect on the Financial Statements.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(a) Differential Reporting

The company is a qualifying entity within the Framework for Differential Reporting. The company qualifies on the basis that it is not publicly accountable and there is no separation between the owners and governing body of Wellington Cable Car Limited. The company will adopt the differential reporting exemption for NZ IFRS 8 in respect to Operating segments.

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

(b) Judgements and Estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised when the revision affects only that period. If the revision affects both current and future periods, it is reflected in the current and future periods.

Judgements that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

(c) Property, Plant & Equipment

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. In accordance with IAS 23, borrowing costs are capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset.

Traction Network Asset

The Traction network is valued at its fair value based on a discounted cash flows approach to their valuation. This valuation is completed annually using a model prepared by PricewaterhouseCoopers. Between valuations, expenditure on asset improvements is capitalised at cost only if it is probable that future economic benefits associated with the item will flow to Wellington Cable Car Limited and the cost of the item can be reliably measured.

Cable Car Asset

The Cable Car assets are reviewed annually to ensure their carrying value is appropriately recorded in the financial statements.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Income, unless the asset is carried at a re-valued amount in which case any impairment loss is treated as a revaluation decrease.

Revaluations

The result of any revaluation of the Cable Cars infrastructure asset is credited or debited to the asset revaluation reserve for that asset. Where this results in a debit balance in the reserve, the balance is expensed in the Statement of Comprehensive Income. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised firstly in the Statement of Comprehensive Income up to the amount previously expensed, and then secondly credited to the revaluation reserve.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the re-valued amount.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to Retained Earnings.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The depreciation rates of the major classes of property, plant and equipment are as follows:

Cable Car Tracks & Wires	2%
Cable Car Equipment	2%
Cable Car Equipment	10%-33%
Computer Equipment	33%
Motor Vehicles	20%
Furniture & Fittings	20%
Trolley Bus Overhead Wire System & Fittings	20%
Trolley Bus Overhead Wire System Equipment	10%

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work-in-progress

The cost of projects within work in progress is either expensed or transferred to the relevant asset class when the project is completed. It is transferred to the relevant asset class only if it is probable that future economic benefits associated with the item will flow to Wellington Cable Car Limited and the cost of the item can be reliably measured. Otherwise the item is expensed.

(d) Foreign Currencies

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Income.

(e) Intangible Assets

Intangible assets comprise computer software which has a finite life and is initially recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer Software	3 years
-------------------	---------

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

(f) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

(g) Finance Costs

Finance costs that are directly attributable to the acquisition, construction or production of an asset shall be capitalised as part of the cost of the asset.

All other finance costs shall be recognised as an expense in the period in which they are incurred.

(h) Income Tax

Income tax expense is charged in the Statement of Comprehensive Income in respect of the current year's results. Income tax on the profits or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

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 amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date. Deferred

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(i) **Inventories**

Inventory has been valued at the lower of cost (average weighted cost price) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost and current replacement cost.

(j) **Leases**

Finance Leases

Assets purchased under finance leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the property are included as non-current assets in the Balance Sheet. Finance Leases will be capitalised at the present value of the minimum lease payments. A corresponding liability is also disclosed with lease payments being apportioned between the liability and interest payments.

The depreciation policy for depreciable assets, that are the subject of a finance lease, will be consistent with that for assets that are owned, unless there is no certainty that the lessee will take ownership by the end of the lease term, in which case the assets will be depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Income in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment.

(k) **Statement of Cash Flows**

The Statement of Cash Flows has been prepared using the direct approach.

Operating activities include cash received from all income sources of the company and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

(l) **Related Parties**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties also include key management personnel or a close member of the family of any key management personnel.

Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as cell phones and laptops.

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

(m) Financial Instruments

WCCL classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non Derivative Financial Instruments

WCCL has the following non-derivative financial instruments.

Financial assets

WCCL classifies its investments into the following categories:

- Financial assets at fair value through profit and loss and loans and receivables.
- Loans and receivables comprise cash and cash equivalents, trade and other receivables.
 - Trade and other receivables are financial assets with fixed or determinable payments. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk. Trade and other receivables issued with duration less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.
- Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Statement of Comprehensive Income as is any gain or loss when the liability is derecognised. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

(n) Revenue

Wellington Cable Car Limited derives revenue from the cable car passenger service with fares being the sole source of income.

Additional revenue is received from projects in relation to the Traction Network to modify the network at the request of outside parties and there is also pole occupancy licences in place.

Revenue is recognised when billed or earned on an accrual basis.

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

(o) Government Grants

The trolley bus overhead wiring system funding is from contract payments by the Greater Wellington Regional Council.

Grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

(p) Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

(q) Other Liabilities and Provisions

Provisions are recognised for future expenditure of uncertain timing or amount when there is a present obligation as a result of a past event and it is probable that expenditures will be required to settle the obligation. Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

(r) Employee Benefit liabilities

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid.

Holiday leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

2. NATURE OF THE BUSINESS

The Company owns and maintains the trolley bus overhead network in the Wellington City area and some suburbs providing a facility for the use of NZBus who are contracted to provide trolley bus services by Greater Wellington Regional Council (GWRC). The cost of the overhead network maintenance is funded by GWRC.

The Company also owns and operates the Wellington Cable Car providing a passenger service and acting as a tourist attraction for the city of Wellington.

The cable car business is funded from cable car fares.

The funding agreement with the Greater Wellington Regional Council provides revenue to meet the cost of the overhead network maintenance for the Trolleybus Overhead wire system. Further income is derived from pole service charges levied on third parties utilising the company's poles to support telecommunication cables and other equipment. Income has also been derived from various pole placements arising from changes to the trolley overhead system to accommodate street and underground services changes. Management fees are also collected from third parties operating high vehicle/loads and those requiring safe access in proximity to the overhead wires by having the lines de-energised.

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2012:\$0). Wellington Cable Car Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

4. OPERATING INCOME

	2013	2012
	\$	\$
Cable Car income	2,172,471	2,013,976
GWRC income	3,814,140	5,632,103
Third party contract income	438,910	561,378
Miscellaneous income	124,311	123,725
	<u>6,549,832</u>	<u>8,331,182</u>

5. OPERATIONS AND GENERAL EXPENSES

	2013	2012
	\$	\$
Cable car operational costs	352,710	368,793
Overhead contractor expenses	1,431,345	1,461,619
Overhead operational costs	336,777	428,573
Overhead repairs and maintenance	1,460,366	2,569,902
Miscellaneous expenses	738,873	880,483
	<u>4,320,071</u>	<u>5,709,370</u>

6. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Audit New Zealand on behalf of the Auditor-General for:

	2013	2012
	\$	\$
Auditing the financial statements	20,800	19,876
Non statutory work	15,000	-
	<u>35,800</u>	<u>19,876</u>

7. DIVIDENDS PAID

	2013	2012
	\$	\$
Dividends paid to owners during the year:		
Dividends A Shares	94,380	10,000
Total dividends paid	<u>94,380</u>	<u>10,000</u>

8. RELATED PARTIES

Wellington Cable Car Limited (100% owned by WCC) contracts various services from Wellington City Council.

The company made the following payments to the Council excl GST:

Land Rental	34,239	34,239
Subvention payment	131,102	316,900
Sundry	33,741	28,715

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

<u>199,082</u>	<u>379,854</u>
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Note 13 covers outstanding balances relating to the above transactions, which is \$2,178 (2012: \$1,198)

Wellington City Council engaged the services of Wellington Cable Car Ltd this year for \$323,056 GST excl (2012: \$289,664). Note 12 covers outstanding balances relating to these transactions \$17,866 (2012: \$319,237).

We are required to disclose the remuneration and related party transactions of key management personnel, which comprise the Directors, the Chief Executive, the Overhead Manager, the Cable Car Maintenance Manager and the Passenger Service Manager.

Key management personnel

	<u>2013</u>	<u>2012</u>
	\$	\$
Key management personnel remuneration	<u>477,280</u>	<u>521,711</u>

The following employees received remuneration greater than \$100,000 in the 2013 year:

	2013	2012
\$180,000 - \$190,000	1	-
\$220,000 - \$230,000	-	1

It is noted that the remuneration stated above includes performance bonuses (the normalised remuneration for this employee is in the \$160 - \$170,000).

Directors' remuneration

	<u>2013</u>	<u>2012</u>
	\$	\$
R Drummond	30,000	30,000
J Ward (Ceased 31 December 2011)	-	7,500
A Briscoe (Appointed 1 January 2012)	15,000	7,500
N Crauford (Appointed 1 July 2011)	15,000	15,000
Total Directors' remuneration	<u>60,000</u>	<u>60,000</u>

Nicola Crauford was also a director of Genesis Power Limited until April 2012 therefore this is a related party. Wellington Cable Car Limited has transacted with them in the current year on normal business terms, at arms length. Total amount is \$5,331 (2012: \$4,048).

There have been no other transactions with Directors other than Directors' remuneration.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

9. CASHFLOW INFORMATION

	<i>2013</i>	<i>2012</i>
	<i>\$</i>	<i>\$</i>
Surplus/(deficit)	229,390	1,181,383
Add/(less) non cash items		
Finance lease liability	-	(12,605)
Tax expense	-	-
Revaluation - net loss	557,066	-
Depreciation and amortisation expense	212,847	231,587
	<u>769,913</u>	<u>218,982</u>
Add/(less) items classified as investing or financing activities		
(Receipt)/payment of interest income	(97,073)	(83,383)
(Receipt)/payment of dividend	-	(10,000)
	<u>(97,073)</u>	<u>(93,383)</u>
Add/(less) items classified as other activities		
(Receipt)/payment of withholding tax	(27,802)	18,124
(Receipt)/payment of subvention payment	(131,102)	(316,900)
Net loss/(gain) on disposal of property, plant and equipment	36,360	-
	<u>(122,544)</u>	<u>(298,776)</u>
Add/(less) items movements in statement of financial position items		
Debtors and other receivables	412,127	(721,673)
Inventories	78,938	(199,135)
Prepayments	11,217	-
Creditors and other payables	(466,414)	488,799
	<u>35,868</u>	<u>(432,009)</u>
Net cash flow from operating activities	<u><u>815,554</u></u>	<u><u>576,197</u></u>

10. FINANCIAL INSTRUMENTS

The Company's financial instruments include financial assets (cash and cash equivalents and receivables), and financial liabilities (payables that arise directly from operations).

The Directors do not consider there is any material exposure to interest rate risk on its investments.

Concentrations of credit risk with respect to Accounts Receivable are high due to the reliance on Wellington Regional Council for 56.6% (2012: 66.6%) of the Company's revenue. However, Wellington Regional Council is considered, by the directors, to be a high credit quality entity.

The Company invests funds only on deposit with registered banks having satisfactory credit

*The accompanying notes form part of these financial statements.
 These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

ratings.

Fair Value

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms length transaction. There were no differences between the fair value and the carrying amounts of financial instruments at 30 June 2013.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

WCCL purchases inventory and plant and equipment, associated with the trolley bus overhead network and the cable car, from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

WCCL has opened a EURO and an AUS\$ currency account with the National Bank. Following a quote has been approved for an overseas purchase, and the order placed at an appropriate time depending on the relative strength of the NZ Dollar, the overseas currency amount is transferred to the relevant currency account. This reduces the uncertainty of any future foreign exchange rate changes.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Company, therefore causing a loss. The Company is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region.

Receivables balances are monitored on an ongoing basis to minimise the Company's exposure to bad debts. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company's maximum exposure to credit risk at balance date is:

	2013	2012
	\$	\$
Cash and cash equivalents	2,654,750	2,212,426
Trade receivables	1,394,371	1,806,498
Other receivables	18,389	20,605
Total Financial assets	<u>4,067,510</u>	<u>4,039,529</u>

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

	2013	2012
	\$	\$
Not past due	1,338,681	1,762,128
Past due 0-6 months	2,030	30
Past due 7-12 months	72,049	64,945
Past due more than 12 months	-	-
Total Trade and other receivables	<u>1,412,760</u>	<u>1,827,103</u>

The contractual cash flows for all financial liabilities are as follows:

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	Statement of Financial Position	Total Contractual Cash Flows	0-12 Months	1-2 years	2-5 Years	More than 5 Years
2013						
Trade and other payables	1,577,127	1,577,127	1,577,127			
2012						
Trade and other payables	1,978,568	1,978,568	1,978,568			

Liquidity Risk

Liquidity risk is the risk arising from unmatched cash flows and maturities. During the Upgrade to the Lambton Terminal in the 2007 financial year, the Company organised to have a committed commercial flexible credit facility available (for details refer to Note 21 Borrowings). The Company has kept this facility available.

11. TRADE AND OTHER RECEIVABLES

	2013 \$	2012 \$
Trade receivables	1,667,694	1,778,450
Related party receivables	17,866	319,237
Less: Provision for impairment of trade receivables	(291,189)	(291,189)
Net trade receivables	<u>1,394,371</u>	<u>1,806,498</u>
Sundry receivables	<u>18,389</u>	<u>20,605</u>
	<u><u>1,412,760</u></u>	<u><u>1,827,103</u></u>

The provision for impairment has been calculated based on a review of significant debtor balances and a collective assessment of all debtors (other than those determined to be individually impaired) for impairment. The collective impairment assessment is based on an analysis of past collection history and write-offs. The current period additional provision relates to a specific incident relating to a tear down in the overhead network which the Company is currently liasing with the party involved regarding recovery

12. TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Trade payables	603,496	714,954
Sundry payables	971,453	1,262,416
Related party payables	<u>2,178</u>	<u>1,198</u>
	<u><u>1,577,127</u></u>	<u><u>1,978,568</u></u>

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

13. INCOME TAX EXPENSE

	2013	2012
	\$	\$
Current year	27,801	-
Adjustments to current tax in prior periods	18,662	23,554
Deferred tax	<u>(202,456)</u>	<u>208,403</u>
	<u>(155,993)</u>	<u>231,957</u>

Reconciliation of effective tax rate:	%	2013	%	2012
		\$		\$
Surplus for the period excluding income tax		<u>229,390</u>		<u>1,181,383</u>
Prima facie income tax based on domestic tax rate	28%	64,230	28%	330,787
Effect of non-deductible expenses	463%	1,061,166	117%	1,381,716
Effect of tax exempt income	(466%)	(1,067,959)	(132%)	(1,565,274)
Prior period adjustment	8%	17,789	2%	22,502
Effect of group loss offset	(96%)	(220,559)	(11%)	(132,332)
Deferred tax adjustment	(5%)	(10,660)	16%	194,558
	(68%)	<u>(155,993)</u>	20%	<u>231,957</u>

The Company's tax liability for 2012 was reduced by losses transferred from WCC by loss offset of \$337k and subvention payment of \$131k. It is expected that the tax liability for the 2013 year will also be offset by tax losses from / subvention payment to WCC. No payment has been accrued for the expected loss transfer from WCC.

	2013	2012
	\$	\$
Imputation credits available for use in subsequent periods	46,528	18,727

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

14. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets/(liabilities):

	Property, plant & equipment \$	Provisions \$	Total \$
Balance, 30 June 2010	(756,000)	68,248	(687,752)
Charged to income	(568,919)	74,670	(494,249)
Charged to other comprehensive income	660,000	-	660,000
Balance, 30 June 2011	(664,919)	142,918	(522,000)
Charged to income	(214,132)	5,700	(208,432)
Charged to other comprehensive income	-	-	-
Balance, 30 June 2012	(879,051)	148,618	(730,433)
Charged to income	178,983	23,473	202,456
Charged to other comprehensive income	68,444	-	68,444
Balance, 30 June 2013	(631,623)	172,091	(459,532)

15. PROPERTY, PLANT & EQUIPMENT

	2013 \$	2012 \$
Cable Car and equipment (2%)		
Cost		
Opening balance	3,038,489	3,032,704
Additions	2,048	5,785
Disposals	(27,177)	-
Closing balance	<u>3,013,360</u>	<u>3,038,489</u>
Accumulated depreciation		
Opening balance	848,621	789,104
Current year depreciation	59,222	59,517
Disposals	(2,297)	-
Closing balance	<u>905,546</u>	<u>848,621</u>
Carrying amount	<u>2,107,814</u>	<u>2,189,868</u>
Cable Car and equipment (10%)		
Cost		
Opening balance	369,816	355,263
Additions	2,172	14,553
Closing balance	<u>371,988</u>	<u>369,816</u>
Accumulated depreciation		
Opening balance	297,415	270,324

*The accompanying notes form part of these financial statements.
 These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	2013	2012
	\$	\$
Current year depreciation	22,593	27,091
Closing balance	<u>320,008</u>	<u>297,415</u>
Carrying amount	<u>51,980</u>	<u>72,401</u>
Cable car tracks and wires		
Cost		
Opening balance	1,379,291	1,379,291
Disposals	<u>(15,513)</u>	<u>-</u>
Closing balance	<u>1,363,778</u>	<u>1,379,291</u>
Accumulated depreciation		
Opening balance	358,616	331,030
Current year depreciation	27,276	27,586
Disposals	<u>(4,033)</u>	<u>-</u>
Closing balance	<u>381,859</u>	<u>358,616</u>
Carrying amount	<u>981,919</u>	<u>1,020,675</u>
Trolley bus overhead		
Cost		
Opening balance	1,616,895	1,616,895
Revaluation	<u>(924,895)</u>	<u>-</u>
Closing balance	<u>692,000</u>	<u>1,616,895</u>
Accumulated depreciation		
Opening balance	63,375	-
Current year depreciation	60,009	63,375
Elimination of depreciation on revaluation	<u>(123,384)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>63,375</u>
Carrying amount	<u>692,000</u>	<u>1,553,520</u>
Wire system equipment		
Cost		
Opening balance	79,506	72,622
Additions	<u>-</u>	<u>6,884</u>
Closing balance	<u>79,506</u>	<u>79,506</u>
Accumulated depreciation		
Opening balance	32,400	24,872
Current year depreciation	<u>7,379</u>	<u>7,528</u>
Closing balance	<u>39,779</u>	<u>32,400</u>
Carrying amount	<u>39,727</u>	<u>47,106</u>

The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.

MSB

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	2013	2012
	\$	\$
Motor vehicles		
Cost		
Opening balance	287,913	287,913
Closing balance	<u>287,913</u>	<u>287,913</u>
Accumulated depreciation		
Opening balance	283,311	280,682
Current year depreciation	<u>2,629</u>	<u>2,629</u>
Closing balance	<u>285,940</u>	<u>283,311</u>
Carrying amount	<u>1,973</u>	<u>4,602</u>
Furniture		
Cost		
Opening balance	46,751	35,114
Additions	<u>14,487</u>	<u>11,636</u>
Closing balance	<u>61,238</u>	<u>46,750</u>
Accumulated depreciation		
Opening balance	32,511	31,272
Current year depreciation	<u>2,585</u>	<u>1,239</u>
Closing balance	<u>35,096</u>	<u>32,511</u>
Carrying amount	<u>26,142</u>	<u>14,239</u>
Computer equipment		
Cost		
Opening balance	248,072	221,866
Additions	<u>5,492</u>	<u>26,207</u>
Closing balance	<u>253,564</u>	<u>248,073</u>
Accumulated depreciation		
Opening balance	223,744	215,356
Current year depreciation	<u>4,973</u>	<u>8,388</u>
Closing balance	<u>228,717</u>	<u>223,744</u>
Carrying amount	<u>24,847</u>	<u>24,329</u>
Work-In-Progress		
Cost		
Opening balance	693,336	10,937
Additions	<u>353,941</u>	<u>682,399</u>
Closing balance	<u>1,047,277</u>	<u>693,336</u>
Accumulated depreciation		
Opening balance	-	-

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Current year depreciation	-	-
Closing balance	-	-
Carrying amount	<u>1,047,277</u>	<u>693,336</u>
Total Property, Plant & Equipment		
Cost		
Opening balance	7,760,069	7,012,605
Additions	378,140	747,464
Disposals	(42,690)	-
Revaluation	(924,895)	-
Closing balance	<u>7,170,624</u>	<u>7,760,069</u>
Accumulated depreciation		
Opening balance	2,139,993	1,942,640
Current year depreciation	186,666	197,353
Elimination of depreciation on revaluation	(123,384)	-
Disposals	(6,330)	-
Closing balance	<u>2,196,945</u>	<u>2,139,993</u>
Carrying amount	<u>4,973,679</u>	<u>5,620,076</u>

An adjustment has been made in respect of the 2012 year cost and accumulated depreciation balances for the Trolley bus overhead category. There was no change in the carrying value amount previously stated in the 2012 annual report.

16. INTANGIBLES

	<u>2013</u>	<u>2012</u>
	\$	\$
Cost		
Opening balance	122,079	115,959
Acquired by direct purchase	-	6,120
Closing balance	<u>122,079</u>	<u>122,079</u>
Accumulated amortisation		
Opening balance	73,009	38,776
Current year amortisation	26,181	34,233
Closing balance	<u>99,190</u>	<u>73,009</u>
Carrying amount	<u>22,889</u>	<u>49,070</u>

An adjustment has been made in respect of the 2012 year cost and accumulated amortisation balance. There was no change in the carrying value amount previously stated in the 2012 annual report.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

17. FINANCE LEASES

Finance leases are secured over the assets to which they pertain. Interest rates which are fixed for the term of the agreement are detailed below along with the original term.

	2013 \$	2012 \$
Leases outstanding at balance date:		
Telecom Rentals	9,973	12,605
Total	<u>9,973</u>	<u>12,605</u>
Repayable as follows:		
Less than one year	<u>3,110</u>	<u>2,632</u>
	3,110	2,632
One to five years	<u>6,863</u>	<u>9,973</u>
	6,863	9,973
Total	<u>9,973</u>	<u>12,605</u>

18. OPERATING LEASE COMMITMENTS

	2013 \$	2012 \$
Non-cancellable operating lease commitments:		
<u>Land and Buildings</u>		
Not later than 1 year	91,547	92,433
Later than 1 and not later than 2 years	122,389	86,100
Later than 2 and not later than 5 years	-	42,836
	<u>213,936</u>	<u>221,369</u>
<u>Plant and equipment</u>		
Not later than 1 year	1,981	1,981
Later than 1 and not later than 2 years	-	1,981
Later than 2 and not later than 5 years	-	-
	<u>1,981</u>	<u>3,962</u>
	<u>215,917</u>	<u>225,331</u>

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

19. CAPITAL COMMITMENTS

	2013	2012
	\$	\$
<u>Contractor</u>		
Not later than 1 year	2,847,771	1,548,317
Later than 1 and not later than 2 years	-	851,576
Later than 2 and not later than 5 years	-	-
	<u>2,847,771</u>	<u>2,399,893</u>

20. BORROWINGS

Short term bank facilities

\$0 (2012: \$0) worth of committed bank facilities are available on a short term basis of less than one year. Interest is payable in arrears at wholesale market rates. Of this facility, a total of \$0 has been drawn at balance date (2012: \$0).

Bank overdraft

The Company's bank overdraft facility totals \$50,000. The current interest rate on the facility is 11.90% (2012:11.25%). The actual overdraft facility was un-drawn as at 30 June 2013 (2012: un-drawn).

21. SHAREHOLDERS' EQUITY

Capital

These shares have full voting rights and participate fully in all dividends and proceeds upon winding up.

	2013	2012
	\$	\$
7,434,746 fully paid Ordinary Shares	7,434,846	7,434,846
Total Issued and Paid up Capital	<u>7,434,846</u>	<u>7,434,846</u>

Retained Earnings

	2013	2012
	\$	\$
Retained Earnings opening balance	28,377	(594,149)
Net Profit after tax	<u>254,281</u>	<u>632,526</u>
Available for appropriation	282,658	38,377
Dividends paid or provided for	<u>94,380</u>	<u>10,000</u>
Retained Earnings Closing Balance	<u>188,278</u>	<u>28,377</u>

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

Reserves

Unrealised Capital Reserves

	<i>2013</i>	<i>2012</i>
	\$	\$
Revaluation Reserve		
<u>Traction Network</u>		
Opening balance for the year	176,000	176,000
Revaluation Reserve - Net Gain/(Reduction)	(244,444)	-
Tax on Equity Items	<u>68,444</u>	<u>-</u>
Closing balance for the year	-	176,000
Total Reserves	<u>-</u>	<u>176,000</u>

22. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events occurred after the balance date.

Wellington Cable Car Limited

Statement of Service Performance

For the Year Ended 30 June 2013

Performance Targets and Other Measures for 2012/13

Cable Car Service Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Cable car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA to be obtained each year.	Timely approval received	<i>Achieved.</i>
Cable Car service reliability	Percentage reliability	Greater than 99%	<i>Achieved.</i>
Cable Car Service has Qualmark endorsement to confirm that the Cable Car Service meets established tourism standards	Qualmark endorsement held	Qualmark endorsement maintained	<i>Application being made in 2013/14 year.</i>

Trolley Bus Overhead Network Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Inspection, maintenance and repair of trolley bus overhead network are carried out to provide appropriate levels of reliability	Number of network failures due to inadequate maintenance	Nil failures	<i>None from current maintenance activities that were inadequate. Failures still occur due to backlog of maintenance not yet remedied, but rate is decreasing.</i>
Trolley Bus Overhead Network Draft Asset Management Plan prepared	Draft Asset Management Plan completion	Draft Annual AMP 2013/14 prepared by 31 August 2012.	<i>Achieved.</i>
Trolley Bus Network Poles identified in AMP 2012/13 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme	<i>The pole replacement programme for 2012/2013 was modified to 62 poles. 53 poles from this programme were commenced but not completed due to third party work still being required. 19 poles were replaced in total during the year including some for 3rd parties and some due to storm damage.</i>
Overhead components replacement or repairs	Component programme completion	Replacement or repairs completed in accordance with the programme	<i>Achieved.</i>

Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2013

Performance Indicator	Measure	Target/Result	Actual
WCCL Pole occupants have formal contracts and appropriate pole user charges are being paid	Number of contracts current	All recent users have current contracts. All "Existing Works" users have contracts signed by 30 June 2013, and continue with current contracts.	<i>Pole occupants without existing user rights have paid their rental charges in accordance with their contracts. Occupants claiming "existing works" rights do not yet have contracts due to unresolved differences in interpretation of legislation.</i>
GWRC funding agreement being complied with.	Number of breaches of agreement	Nil breaches by WCCL	<i>Achieved.</i>
Performance requirements in the GWRC Trolley Bus Overhead funding agreement are met.	GWRC Contract payments received	Paid in accordance with agreed funding levels	<i>All payments due have been received.</i>
	Other Contract Requirements	No complaints from GWRC	<i>Achieved.</i>

All of WCCL Activities Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Compliance with appropriate regulations and statutes	Number of adverse comments from relevant regulatory authorities	Nil adverse comments	<i>Achieved</i>
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% or Board approved variance	<i>Achieved.</i>
Board delegations are adhered to	Board and management approvals of commitments and expenditure	All approvals of expenditure and commitments are in accordance with delegations policy	<i>Achieved</i>
Company Risks and Vulnerabilities are maintained at an acceptable limit and identified in the Risk and Vulnerability register	Number of Risks and Vulnerabilities not identified, and where possible, mitigated to an acceptable limit	Nil Risks and Vulnerabilities not identified Nil Risks and Vulnerabilities not mitigated to acceptable limit	<i>Achieved</i>
Contribute to review of back office functions	Positive participation in the back office review to be undertaken for efficiency gains	Participation assessed to be positive	<i>Positive participation achieved, but no change being made to processing platforms</i>

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Wellington Cable Car Limited

Statement of Service Performance

For the Year Ended 30 June 2013

Cable Car Patronage

Trips Paid for by Multi-Trip Concession Ticket

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	71,700	52,700	77,900	69,500	271,800
Actual Passenger Trips	76,158	53,330	68,953	56,560	255,001

Trips Paid by Cash (Single or Return)

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	150,200	236,700	289,600	144,400	820,900
Actual Passenger Trips	142,542	241,346	295,820	124,937	804,645

All Passenger Trips

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	221,900	289,400	367,500	213,900	1,092,700
Actual Passenger Trips	218,700	294,676	364,773	182,309	1,060,458

Wellington Residents Satisfaction Survey:

The annual survey conducted by WCC asks the questions below:

Question	Target	Actual
Have you used the cable car in the last 12 months?	30% of respondents have used cable car	45%
How do you rate the standard and operational reliability of the cable car (Good or Very good)	95% of respondents with some knowledge of the cable car rate it Good or Very good	94%

Independent Auditor's Report

To the readers of Wellington Cable Car Limited's financial statements and statement of service performance for the year ended 30 June 2013

The Auditor-General is the auditor of Wellington Cable Car Limited (the Company). The Auditor-General has appointed me, J.R. Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Company on her behalf.

We have audited:

- the financial statements of the Company on pages 8 to 33, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Company on pages 34 to 36.

Opinion

Financial statements and statement of service performance

In our opinion:

- the financial statements of the Company on pages 8 to 33:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the Company's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Company on pages 34 to 36:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the Company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Our audit was completed on 18 September 2013. This 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 and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the Company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



J.R. Smaill
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand