The Council has recorded a net surplus for the year of $30.330m compared to a budgeted surplus of $24.528m. The underlying financial performance outlined below shows a surplus for the year of $1.498m after the exclusion of fair value movements and other unbudgeted items that cannot be used to fund operating expenditure.

The Council has budgeted for a surplus of $24.128m in the Long Term Council Community Plan 2009-19. The majority of this surplus represents funding received from third parties for capital purposes. As this income is received for specific capital projects, it cannot be used to offset rates.

Significant variances to the budgeted surplus are as follows:

### FAIR VALUE MOVEMENTS

These amounts are non-cash, and reflect changes in the fair value of our investment properties, loans to related parties and interest rate swaps (shown in Note 4: Finance income and expense). These fair value movements are non-cash in nature, but are recognised in our Statement of Comprehensive Financial Performance.

### VESTED ASSETS

Vested assets are those assets transferred to the Council from a third party and are recognised as revenue. The majority of the $15.194m in vested assets represents the fair value of infrastructural assets such as roads, drainage, water and waste assets that have been constructed by developers and transferred to the Council on completion. It also includes the transfer of the Carter Observatory assets to the Council during the year.

### ADDITIONAL EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LOCAL GOVERNMENT ACT 2002

Certain depreciation changes are not funded through rates as they are either fully or partially funded by external parties.

### COUNCIL UNDERLYING NET SURPLUS

The underlying financial performance outlined above shows an underlying surplus of $1.498m versus the budgeted surplus for the year after the exclusion of fair value movements and other items that cannot be used to fund operating expenditure.

The first item was the increase in the Council’s provision for non-weathertight homes. The social, economic and health costs of non-weathertight homes are affecting a number of home owners and their families across the country and have had an effect on our financial results for the year. The Council is actively working with the Crown to address non-weathertight homes with the introduction of the Government’s financial assistance package.

The second item was the receipt of two years of dividends from Wellington International Airport Limited. Total dividends received in the year were $15.4 million compared with a budget of $5.3 million which served to significantly reduce the impact of the increase in the provision for non-weathertight homes on reported results.

We also continued to manage our costs within budgeted levels and make savings in areas such as interest costs, despite increasing financial pressures.

### NET SURPLUS FOR THE GROUP

The Group has recorded total comprehensive income of $20.526m for the year. This includes the net surplus (as identified above), less fair value movements in our reserves. The Group has recorded total comprehensive income of $20.526m. This includes the Council’s share of reserve movements for Wellington International Airport Limited. For further explanation of the Council’s net surplus please refer to Note 32: Major budget variations.