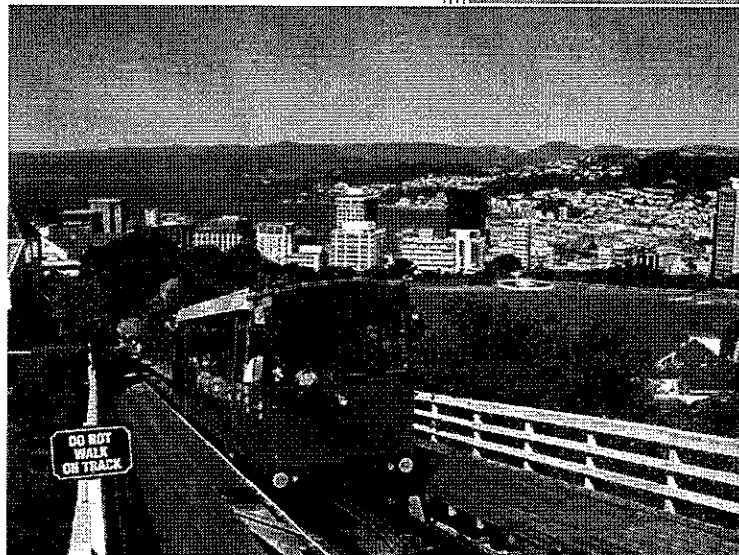


2008/2009

WELLINGTON CABLE CAR LIMITED ANNUAL REPORT



CONTENTS

Page	3	Company Directory
	4-10	Directors' Report
	11	Statement of Financial Performance
	12	Statement of Changes in Equity
	13	Statement of Financial Position
	14	Statement of Cash Flows
	15-31	Notes forming part of the Financial Statements
	32-33	Statement of Service Performance
		Auditor's Report

COMPANY DIRECTORY

For the year ended 30 June 2009

Directors:	Mr. R Drummond Mr. J Ward Ms. C Southey
Chief Executive Officer & Secretary:	Mr. B J Brown
Registered Office:	30 Glover Street Ngauranga Wellington NEW ZEALAND
Auditor:	Audit New Zealand on behalf of the Auditor-General
Bankers:	National Bank of New Zealand Limited
Share Registry:	Level 4 Civic Administration Building 101 Wakefield Street Wellington NEW ZEALAND
Solicitors:	DLA Phillips Fox

DIRECTORS REPORT

For the year ended 30 June 2009

The Directors of Wellington Cable Car Limited take pleasure in submitting their report to shareholders for the financial year ended 30 June 2009.

Principal Activity

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

Nature of Income

The company comprises two separate operations:

- i. The Cable Car passenger service with income from Cable Car fares only.
- ii. The trolley bus overhead wiring system with income from:-
 - a. Contract payments from GWRC to cover maintenance
 - b. Projects initiated by third parties requiring the overhead network to be relocated and/or modified
 - c. Pole occupancy rentals
 - d. A management fee for handling high load escorts through the city and associated power shutdowns.

THE YEARS HIGHLIGHTS

For the year ended 30 June 2009

The Year's Highlights

- The operating surplus was \$250,000 before tax despite difficult economic conditions
- An increase in passenger numbers of 2.3% above budget on the cable car resulted in over 1.15 million passenger trips. The number of trips purchased has increased above the previous year for the sixth year running.
- A very high reliability in excess of 99% for the cable car was achieved.
- 104 Trolley bus overhead poles were replaced as part of the urgent and critical maintenance.
- Significant lengths of thin contact wire on the trolley bus overhead network were replaced in the Thorndon, Lyall Bay and Miramar areas.
- Completion of the overhead network projects at the request of third parties particularly relating to the Riddiford Street development.
- Increased revenue from other third party services
- The continued development of the trolley bus overhead network maintenance database and completion of its electronic link to allow field staff inputs, allowing detailed assembly of maintenance requirements without the need for manual data entry.
- The improvements in customer service on the cable car through the “in-house” staffing of the cable car operation were achieved with a high level of customer satisfaction shown in the annual survey.
- Adequate funding was received from GWRC despite the lack of a formal agreement, allowing the backlog of urgent and critical maintenance on the trolley bus overhead to start to be addressed.

FINACIAL STATEMENTS

For the year ended 30 June 2009

Review of Activities

Significant activities have taken place over the last twelve months particularly with the trolley bus overhead network.

Trolley Bus Overhead Network

The agreement with the Greater Wellington Regional Council (GWRC) to provide and maintain the trolley bus overhead network for the Stagecoach trolley bus operation expired on June 30 2004. GWRC requested that WCCL roll-over the existing agreement. WCCL declined to agree to the roll-over because the level of contract payment was insufficient to meet the deferred maintenance requirements. In the meantime services continued under the expired contractual conditions. WCCL did receive agreement from GWRC to receive additional payments on a month by month basis in line with a budget developed by WCCL for the 2006/07 year. A budget was developed by WCCL for the 2007/08 year of \$1.87M but GWRC advised that they had fixed the budget at \$1.53M. This figure was not discussed with WCCL. WCCL had no choice but to continue with its urgent and critical maintenance programme based on the \$1.87M and invoiced GWRC accordingly. Subsequently the invoices were paid.

WCCL cancelled the existing over network maintenance contract with NZBus and issued tenders seeking a new contractor. Transfield Services were awarded the contract provisionally based on a commitment by GWRC to fund maintenance to the appropriate level. An interim short term contract was issued and GWRC were requested to approve WCCL's Asset Management plan to deal with urgent and critical maintenance replacements with a budget of \$4M.

GWRC approved the funding subject to:-

- an independent consultant reviewing the trolley bus overhead network and the WCCL's Asset Management Plan
- A three month programme of work being provided
- A funding agreement between WCCL and GWRC being entered into

The review was carried out and the resulting report supported WCCL's approach to the maintenance of the network. The programme of work was approved and negotiations commenced on a funding agreement. GWRC agreed to commit to the three year maintenance contract and in August 2008 this was signed with Transfield Services Limited.

The contract includes a scope of work based on a 5 day per week trolley bus service in the absence of any commitment to alternatives by GWRC.

In December 2008, GWRC requested that WCCL approach its contractors to price for a 7 day per week trolley bus service. The additional price was submitted to GWRC who declared that the 7 day service was unaffordable and that the increased service would be deferred until 2011, when the maintenance contract is due for renewal.

Accordingly, WCCL has generally completed the work detailed in the first year of the 10 year Asset Management Plan (AMP). The predominant work related to the replacement of trolley bus collector wire along a number of sections of route. The ability to carry out further work was restricted by availability of contractor resources and the availability of the network to be released to allow work to take place.

GWRC have made it very clear that have strong interest in owning the trolley bus overhead network but WCCL on advice from the shareholder WCCL is planning on the basis of retaining ownership of the network.

DIRECTORS REPORT CONTINUED

For the year ended 30 June 2009

GWRC had contracted NZ Bus to provide new trolley buses the majority of which are now operating on the network. WCCL had previously advised GWRC and NZBus that the heavier buses coupled with shortcomings in the equipment owned by Wellington Electricity Lines Ltd (WEL) would result in WCCL's network being put under stress. The consequences of this being that NZBus would be experiencing low voltage problems and reliability issues because of the overloading of the network. WEL have been approached with a view to influencing them to upgrade their very old substation equipment and underground cables providing inputs to WCCL's network. WEL have responded by undertaking a review of their system, the results being due late July 2009. This is a pleasing development.

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 early November 2008, without any safety issues being identified. The electric drive was further tuned to improve the smoothness of the cable car starts. There are a number of known maintenance issues which WCCL is planning to address e.g. Kelburn Station roofing, body work rust on the cable cars. In addition, there has been concern for some years that the bridge which provides private access to a property in Everton terrace, is inadequately maintained and that its load bearing capability is not properly indicated. WCC have now become involved and are taking the issues up with the owner's lawyers. NZTA have this year for the first time described these maintenance issues as being "non-compliant". WCCL has always indicated its willingness to address maintenance issues as resources permit, but disputes that the items raised represent non-compliance with any safety standards, particularly since the Everton Bridge is owned by a third party. A response is awaited from NZTA and WCCL's operating licence remains valid.
- ii. Tourism packages in conjunction with the Museum of Wellington City and Sea have been developed which are starting to supplement the income. In addition, a shuttle bus between the lower botanical gardens and the cable car is being trialled particularly during cruise ship visits. Extensions to the service are being considered.
- iii. WCCL's "in-house" staffing of the cable car operation was successful in improving the levels of customer service. Passenger trip numbers have continued to increase with the numbers of visitors travelling on the cable car continuing to be a significant component of the total patronage.

Result for the Year

The company declared a profit before tax of \$250,000 for the year from normal trading operations (2008 \$519,000).

The company's anticipated fare income from the cable car operations was 9.1% above budget which is particularly pleasing given the economic conditions.

The company's income from miscellaneous work relating to the trolley bus system was above budget due to the significant amount of work conducted for third parties including Wellington City Council and Transit resulting from roading changes. In addition, WCCL has earned management fees for providing contractors to escort high-loads through the city and for removing and restoring power from the overhead wires to allow third parties to work in close proximity to the overhead wires.

The company has carried out the maintenance and replacement activities detailed in the 2008/09 year of the long term Asset Management Plan. The primary focus has been on the replacement of collector wire which has been worn down to below acceptable thickness standards. In addition, a significant number of unplanned maintenance items were dealt with as a result of the backlog of maintenance accumulated over many years and damage caused by third parties and the trolley bus operation.

DIRECTORS REPORT CONTINUED

For the year ended 30 June 2009

The expenditure on the trolley bus overhead maintenance was \$3,720,142 (2008 \$1,944,208).

There were a number of unplanned expenditure items relating to the provision of advice by accounting consultants and legal firms related to:-

- the establishment of pole service charges for longstanding occupants of WCCL's poles who are not currently making any payments
- the valuation of the trolley bus overhead assets now that continued operation appears to be assured
- the marketing of the cable car

These items of expenditure are necessary to position the Company for future growth.

	2009 \$000	2008 \$000
Income	6,112	4,005
Expenses	<u>(5,862)</u>	<u>(3,486)</u>
Operating Surplus/(Deficit)	250	519
Taxation (Expense)/Credit	(12)	45
Subvention payment re 2008	<u>(22)</u>	
Net Surplus/(Deficit) After Tax	<u>216</u>	<u>564</u>

The state of the Company's affairs as at 30 June 2009 was:

	2009 \$000	2008 \$000
Assets totalled	<u>8,360</u>	<u>8,273</u>
Financed by:		
Liabilities	1,832	1,648
Shareholders' Equity	<u>6,528</u>	<u>6,625</u>
	<u>8,360</u>	<u>8,273</u>

Dividend

The Directors intend to pay a dividend to the Shareholder, in accordance with previously agreed arrangements, subject to final discussions with the Shareholder.

Directors

The Company held seven Board meetings during the year.

Attendance of directors at meetings of the Board was:

Chairman:	R Drummond	7/7
	J Ward	7/7
	C Southey	7/7

DIRECTORS REPORT CONTINUED

For the year ended 30 June 2009

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	26,000
J Ward	13,000
C Southey	13,000
	<u>\$52,000</u>

Donations

There were no donations made during the year.

Employees' Remuneration

One employee was paid over \$100,000.

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 and that additional sources of revenue were being developed.
3. Progress the development of appropriate revenue from pole service charges for the trolley bus poles occupied by third parties.
4. Secure funding from the GWRC for the maintenance of the trolley bus overhead maintenance.
5. Implement the 2008/09 equipment replacements identified as being urgently required in the trolley bus overhead network 2008/09 - 2017/18 Asset Management Plan.

The management of the company with oversight by the Board, Management and the endeavours of the staff have contributed to another successful year. The cable car assets have been maintained with a result that reliability in excess of 99% was achieved.

While a funding agreement was not completed with the GWRC for the necessary funding to carry out the work in the 2008/09 year was received and the work was largely completed.

A trial shuttle bus service was successfully introduced travelling from the bottom of the Botanical gardens to the cable car Kelburn terminal during cruise ship visits to Wellington. Plans for extending this operation are being developed.

Joint tourism activities have been carried out with other Council Owned entities.

DIRECTORS REPORT CONTINUED

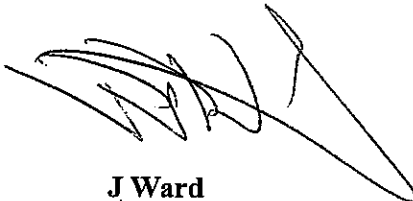
For the year ended 30 June 2009

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**



**J Ward
DIRECTOR**

FINACIAL STATEMENTS

For the year ended 30 June 2009

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2009

	Note	2009 \$000	2008 \$000
INCOME			
Revenue from operations		6,080	3,977
Revenue from interest		30	27
Revenue from exchange difference		2	1
TOTAL OPERATING INCOME		6,112	4,005
EXPENSES			
Operations and general		4,540	2,322
Auditors' remuneration		17	17
Bad debts written off		45	26
Directors' remuneration		52	48
Depreciation and amortisation	4, 5	274	226
Employees remuneration		789	724
Operating leases		139	123
Loss on disposal of property, plant & equipment		6	-
TOTAL OPERATING EXPENSES		5,862	3,486
TOTAL EXPENSES		5,862	3,486
NET SURPLUS/(DEFICIT) BEFORE TAXATION		250	519
Taxation Expense (Benefit)	2	12	(45)
Subvention Payment re 2008		22	
NET SURPLUS/(DEFICIT) AFTER TAXATION		216	564

FINANCIAL STATEMENTS

For the year ended 30 June 2009

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	2009 \$000	2008 \$000
EQUITY - OPENING BALANCE	6,623	4,239
CHANGES IN EQUITY		
Net surplus/(deficit) for the year	216	564
Distributions to owners	(311)	-
Tax on equity items		(780)
Revaluation reserve		2,600
TOTAL CHANGES IN EQUITY	(95)	2,384
EQUITY - CLOSING BALANCE	6,528	6,623

The accompanying notes form part of and are to be read in conjunction with these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Note	2009 \$000	2008 \$000
ASSETS			
Current assets			
Cash and cash equivalents	6	837	457
Trade and other receivables	7	782	805
Inventory		524	612
Total Current assets		2,143	1,874
Non-current assets			
Intangible assets	5	5	10
Property, plant and equipment	4	6,212	6,387
Total non-current assets		6,217	6,397
TOTAL ASSETS		8,360	8,271
LIABILITIES			
Current liabilities			
Trade and other payables	8	976	695
Deferred Income from GWRC		-	127
Employee benefit liabilities		109	91
Total current liabilities		1,085	913
Non-current liabilities			
Deferred tax liability		747	735
Total non-current liabilities		747	735
TOTAL LIABILITIES		1,832	1,648
EQUITY			
Share capital	10	7,435	7,435
Revaluation Reserve	11	1,820	1,820
Retained earnings	10A	(2,727)	(2,632)
TOTAL EQUITY		6,528	6,623
TOTAL EQUITY AND LIABILITIES		8,360	8,271

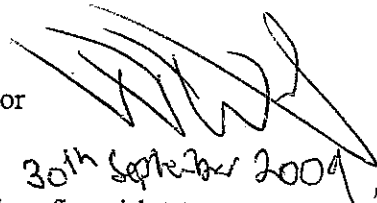
For and on Behalf of the Board

Director



Date 30/09/09

Director



Date 30th September 2009

The accompanying notes form part of and are to be read in conjunction with these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

STATEMENT OF CASH FLOWS

For the year ended 30 June 2009

	Note	2009 \$000	2008 \$000
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from operations		6,274	3,457
Cash was applied to:			
Cash paid to suppliers and employees		(5,463)	(3,278)
Net GST paid		(28)	47
Net cash inflow from operating activities	13	<u>784</u>	<u>227</u>
Cash flows from investing activities			
Cash was provided from:			
Cash receipts from interest		30	27
Exchange Transactions		2	1
Cash was applied to:			
Purchase of property, plant and equipment		(101)	(160)
Proceeds from sale of property, plant and equipment		1	
Purchase of intangibles		-	(5)
Net cash (outflow) from investing activities		<u>(68)</u>	<u>(137)</u>
Cash flows from financing activities			
Cash was applied to:			
Payment of Tax		(2)	(3)
Subvention Payment		(22)	
Dividend		(311)	
Net cash (outflow) from financing activities		<u>(336)</u>	<u>(3)</u>
Net Increase/(decrease) in cash		380	87
Cash at beginning of year		457	370
Cash at end of year		<u>837</u>	<u>457</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Statement of Compliance with International Financial Reporting Standard

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to IFRS (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

Statement of Significant Accounting Policies

Reporting Entity

Wellington Cable Car Limited (the Company or WCCL) 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 statements have been prepared in accordance with the 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.

Reporting Period

The reporting period for these financial statements is the year ended 30 June 2009.

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

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 to modify the network at the request of outside parties and pole occupancy licences.

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

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.

Expenses

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

Taxation

Income tax expense is charged in the statement of financial performance 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 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.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

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 Financial Performance 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.

Foreign Currency Transactions

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 Financial Performance.

Inventory

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.

Property, Plant and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

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. Borrowing costs are not capitalised.

Infrastructure Assets

Infrastructure assets (the Traction network) are valued at their fair value based on an Income approach to their valuation. This valuation is 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.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if 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 Financial Performance, 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 for a class of property, plant and equipment, the balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised firstly in the Statement of Financial Performance up to the amount previously expensed, and then secondly credited to the revaluation reserve for that class of property, plant and equipment.

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 Financial Performance 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

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.

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 Financial Performance 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 Financial Performance 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 Financial Performance.

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.

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.

Equity

Equity is the shareholders interest in the entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the entity.

The components of equity are accumulated funds, retained earnings and revaluation reserve for infrastructure assets.

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 Financial Performance in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Performance on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Financial Performance as an integral part of the total lease payment.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

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.

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.

Comparative figures

To ensure consistency with the current year, certain comparative information has been restated or reclassified where appropriate. This has occurred:

- where classifications have changed between periods,
- where comparative amounts have been restated to comply with the new standards and interpretations, and
- where the entity has made additional disclosure in the current year, and where a greater degree of desegregation of prior year amounts and balances is therefore required.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

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

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics. It also introduces a statement of comprehensive income which will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Company will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Company intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset. In October 2008, the mandatory adoption of NZ IAS 23 (revised 2007) by public benefit entities was deferred pending the completion of the Financial Reporting Standard Board's research project into the application of NZ IAS 23 (revised 2007) by public benefit entities. Accordingly, all borrowing costs that are directly attributable to

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

the acquisition, construction, or production of a qualifying asset continue to be recognised as an expense.

Changes in Accounting Policies

For the purposes of financial reporting the Company has changed from a public benefit entity to a profit oriented entity. There have been no changes in accounting policy this year.

The accounting policies set out above have been applied consistently to all periods presented in these financial statements.

Note 1: 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.

It is intended that a 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 2: Income tax expense

	Note	2009 \$000	2008 \$000
Current year		0	0
Deferred tax		12	(45)
		<u>12</u>	<u>(45)</u>

Reconciliation of effective tax rate

	%	2009 %	2008
Surplus for the period excluding income tax		<u>250</u>	<u>519</u>
Prima facie income tax based on domestic tax rate	30.00%	75	33.00% 171
Effect of non-deductible expenses	6.00%	14	0.00% 0
Effect of tax exempt income	0.00%	0	0.00% 0
Effect of tax losses utilised	0.00%	0	(18.00%) (95)
Current years loss for which no deferred tax asset was recognised	0.00%	0	0.00% 0
Prior period adjustment	0.00%	0	0.00% 0
Effect of group loss offset	(33.00%)	(82)	(5.00%) (25)
Deferred tax adjustment	2.00%	5	(18.00%) (96)
	5.00%	<u>12</u>	<u>0.00% (45)</u>

The effect of the group loss offset figure above represents the tax effect of the arrangement with Wellington City Council to offset the company's 2009 taxable profit (2008:25,000).

	2009 \$	2008 \$
Imputation credits as at 1 July	2,839	278
New Zealand tax payments	0	2,561
Imputation credits attached to dividends received	0	0
Other credits	0	0
New Zealand tax refunds received	(2,839)	0
Imputation credits attached to dividends paid	0	0
Other debits	0	0
	<u>0</u>	<u>2,839</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 3: Deferred tax assets and liabilities

Recognised deferred tax assets/(liabilities)

	Property, plant & equipment \$000	Provisions \$000	Total \$000
Opening balance, 1 July 2007			
Charged to income	12	33	45
Charged to equity	(780)	0	(780)
Balance, 30 June 2008	(768)	33	(735)
Charged to income	(25)	13	(12)
Charged to equity	0	0	0
Balance, 30 June 2009	(793)	46	(747)

Unrecognised deferred tax assets

	2009 \$000	2008 \$000
Deductible temporary differences	0	0
Tax losses	0	0
	0	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 4. Property, plant and equipment

	2009 \$000	2008 \$000
Cable car and equipment (2%)		
Cost - opening balance	2,973	2,860
Accumulated depreciation	(610)	(552)
Net Book Value - opening balance	2,363	2,308
Additions	1	113
Disposals	-	-
Depreciation expense	(60)	(58)
Net Book Value - closing balance	2,304	2,363
Cable car and equipment (10%)		
Cost - opening balance	317	312
Accumulated depreciation	(173)	(109)
2007 transfer to correct category	-	-
Net Book Value - opening balance	144	203
Additions	24	5
Disposals	(9)	-
Depreciation expense	(36)	(64)
Net Book Value - closing balance	123	144
Cable car tracks and wires		
Cost - opening balance	1,379	1,379
Accumulated depreciation	(248)	(220)
Net Book Value - opening balance	1,131	1,159
Additions	-	-
Disposals	-	-
Depreciation expense	(28)	(28)
Net Book Value - closing balance	1,103	1,131
Trolley bus overhead		
Cost - opening balance	2,600	3,763
Accumulated depreciation	-	(3,763)
Net Book Value - opening balance	2,600	-
Additions	-	-
Disposals	-	-
Revaluation	0	2,600
Depreciation expense	(65)	-
Net Book Value - closing balance	2,535	2,600

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 4. Property, plant and equipment – continued

	2009 \$000	2008 \$000
Wire system equipment		
Cost - opening balance	25	12
Accumulated depreciation	(5)	(3)
Net Book Value - opening balance	20	9
Additions	31	13
Disposals	-	-
Depreciation expense	(5)	(2)
Net Book Value - closing balance	46	20
Motor vehicles		
Cost - opening balance	275	275
Accumulated depreciation	(246)	(235)
Net Book Value - opening balance	29	40
Additions	13	-
Disposals	-	-
Depreciation expense	(13)	(12)
Net Book Value - closing balance	29	28
Furniture		
Cost - opening balance	31	31
Accumulated depreciation	(25)	(20)
2007 transfer to correct category	-	-
Net Book Value - opening balance	6	11
Additions	-	-
Disposals	-	-
Depreciation expense	(4)	(5)
Net Book Value - closing balance	2	6
Computer Equipment		
Cost - opening balance	195	168
Accumulated depreciation	(100)	(47)
Net Book Value - opening balance	95	121
Additions	21	27
Disposals	-	-
Depreciation expense	(58)	(53)
Net Book Value - closing balance	58	95
Work-In-Progress		
Cost - opening balance	-	-
Additions	11	7
Capitalised to assets	-	(7)
Net Book Value - closing balance	11	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 5. Intangibles

	2009 \$000	2008 \$000
Computer Software		
Cost - opening balance	17	10
Accumulated amortisation	(7)	(3)
Net Book Value - opening balance	10	7
Acquired by direct purchase	-	7
Disposals	-	-
Amortisation	(5)	(4)
Net Book Value - Closing balance	5	10
Net Book Value Summary		
Cost	17	17
Accumulated amortisation	(12)	(7)
Net Book Value - Closing balance	5	10

Note 6. Cash and cash equivalents

	\$000	\$000
Cash on call	837	377
Cash held in EURO currency account	0	94
Overdraft	-	(14)
	837	457

Note 7. Trade and other receivables

Trade and other receivables

	Note	2009 \$000	2008 \$000
Current			
Trade receivables		590	651
Less Provision for impairment of		(45)	(53)
Related party receivables	12	194	167
Net trade receivables		739	765
Sundry receivables		38	37
Tax receivable		5	3
Total current trade and other receivables		782	805

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

The movements in the provision for impairments of trade and other receivables is analysed as follows:

Provision for impairment of trade and other receivables

	2009 \$000	2008 \$000
Opening balance	53	26
Additional or increased provision made	(45)	27
Release of unused provision	-	-
Amount utilised	(53)	-
Provision for impairment of trade and other	(45)	53

Note 8. Trade and other payables

Trade and other payables

	Note	2009 \$000	2008 \$000
Current			
Trade payables		369	381
Sundry payables		591	261
Related party payables	12	1	5
GST payable		15	48
Total current trade and other payables		976	695

Note 9. Borrowings

Short term bank facilities

\$300,000 (2008 \$300,000) 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 (2008 \$0).

Bank overdraft

The Company's bank overdraft facility totals \$50,000. The current interest rate on the facility is 10.70% (2008:13.2%). Even though the bank in the general ledger shows itself as overdrawn, because of un-presented cheques, the actual overdraft facility was un-drawn as at 30 June 2009 (2008 un-drawn).

Note 10. Share capital

	2009 \$000	2008 \$000
7,434,746 fully paid ordinary shares	7,435	7,435

10A. Retained earnings

	2009 \$000	2008 \$000
Balance at beginning of year	(2,632)	(3,196)
Net Surplus/(Deficit) for the year	216	564
Dividends paid	(311)	-
Balance at end of year	(2,727)	(2,632)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

A subvention payment was made to the Wellington City Council, so that losses could be offset within the group for tax purposes. The subvention payment related to the last 2008 financial year's income tax return.

Note 11. Revaluation reserves

	\$000	\$000
Traction Network		
Opening balance	1,820	-
Revaluation increase	-	2,600
Tax on Equity items		(780)
Closing balance	1,820	1,820

Note 12. Related party disclosures

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

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

	\$000	\$000
Land Rental	35	35
Accounting Fees	11	13
Subvention Payment	22	0
Sundry	10	10
	78	58

Note 8 covers outstanding balances relating to the above transactions. \$1,000 (2007: \$5,000)

Wellington City Council engaged the services of Wellington Cable Car Ltd this year for \$266,051 GST excl (2008: \$220,201). Note 7 covers outstanding balances relating to these transactions \$194,238 (2008: \$167,000).

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

	\$000	\$000
Key management personnel remuneration	300	336

Directors' Remuneration

	\$000	\$000
R Drummond	26	24
J C Rutledge	0	5
J Ward	13	12
C Southey	13	7
Total Directors' remuneration	52	48

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 13. Reconciliation of net surplus before taxation to net cash flow from operating activities

	2009 \$000	2008 \$000
Net surplus/(deficit) before Taxation	250	519
Add/(deduct) non cash items:		
Bad debts written off		
Movement in provision for impairment of doubtful debts	(8)	26
Depreciation and amortisation	274	226
	516	771
Add/(deduct) movements in working capital items:		
(Increase)/decrease in receivables & accruals	68	(806)
Increase/(decrease) in payables & accruals	218	287
	287	(519)
Add/(deduct) investing activities:		
Net (gain)/loss on sale of assets	6	(1)
Net (receipt)/payment interest income	(30)	(27)
Net (receipt)/payment withholding tax	5	3
Net cash flow from operating activities	784	227

Note 14. 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 60.9% (2008:50.3%) 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 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 2008.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 14. Financial instruments – continued

WCCL has opened a EURO and an AUSS\$ 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:

	\$000	\$000
Financial assets		
Cash and cash equivalents	837	457
Trade receivables and other receivables		
Trade receivables	545	765
Other receivables	237	40
Total Financial Assets	<u>1,619</u>	<u>1,262</u>

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

	\$000	\$000
Trade and other receivables		
Not past due	553	726
Past due 0-6 months	209	5
Past due 7-12 months	16	-
Past due more than 12 months	4	34
Total trade and other receivables	<u>782</u>	<u>765</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS **CONTINUED**

For the year ended 30 June 2009

Note 14. Financial instruments – continued

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

	\$000	\$000	\$000	\$000	\$000	\$000
2009						
Trade and other payables	971		971			
2008						
Trade and other payables	695		695			

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 9 Borrowings). The Company has kept this facility available.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2009

Note 15. Commitments and Contingencies

Capital commitments:

	\$000	\$000
Capital Commitments		
Traction Tools ordered in 2008 year	0	43
Contact wire ordered in 2008 year	0	94
Operating Commitments		
Marketing Plan for Cable Car	0	27
Contractor		
Not later than 1 year	1,381	1
Later than 1 and not later than 2 years	1,381	1
Later than 2 and not later than 5 years	230	1
	<u>2992</u>	<u>164</u>

Non-cancellable operating lease commitments:

	\$000	\$000
Land and buildings		
Not later than 1 year	86	88
Later than 1 and not later than 2 years	73	82
Later than 2 and not later than 5 years	14	57
	<u>173</u>	<u>227</u>
Plant and equipment		
Not later than 1 year	14	1
Later than 1 and not later than 2 years	1	1
Later than 2 and not later than 5 years	-	1
	<u>15</u>	<u>3</u>
	<u>188</u>	<u>230</u>

The Company had no contingent liabilities (2008: \$Nil).

Note 16. Non-Adjusting Events after Balance Date

There have been no after balance date adjusting events for the 2008/09 financial year.

STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2009

Performance Measures

The performance measures and targets for the Company for 2008/2009 were:

Performance indicator	Measure	Result	(Actual)
Cable car vehicles, Track, Tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZ Transport Authority to be done by February each year.	Approval granted	<i>NZTA have recently changed their approach to their safety assessments and have raised a number of known maintenance requirements as “non-compliance” issues. The issues are similar to those raised in previous years and WCCL usually includes them in maintenance planning to be undertaken as time and resources permit. WCCL is in correspondence with the NZTA challenging their approach because there are no current safety issues.</i>
Cable Car service reliability	Percentage reliability	Greater than 99%	99.86%
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	None	<i>None from current maintenance activities, however because the extensive backlog of maintenance it will take a considerable period before this result will be satisfactory across the board. There is an ongoing emergency/breakdown rate of 50-60 times per month due to a range of issues, including damage to the network by the bus operation.</i>
Poles identified as requiring urgent and critical replacement are programmed	Pole replacement completion	Completed in accordance with the programme	<i>104 poles replaced as part of the pole replacement programme of 125 poles because the poling contractor went into liquidation and time was lost while the maintenance contractor established new resources. However, the backlog will be caught up in the next year.</i>
Overhead components identified as requiring replacement or repair are programmed.	Component programme completion	Completed in accordance with the programme	<i>Achieved</i>

STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2009

Trolley bus overhead pole occupants have formal contracts and appropriate rentals are being paid.	The number of pole occupants not paying rentals	None	<i>No progress pending legislative changes, Telecom and WEL are still not paying for the use of WCCL's poles. It is anticipated that it will be 2-3 years before this objective can be achieved.</i>
Compliance with appropriate regulations and statutes	Number of adverse comments from the relevant regulatory authorities.	None	<i>None</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 Risk and Vulnerabilities not identified and where possible mitigated to an acceptable limit	None	<i>None</i>

5.1 Passenger Numbers per Quarter:

2008/09	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Estimated passenger numbers on the Cable Car	253,501	249,962	371,637	244,817	1,119,918
Actual passenger numbers on the Cable Car	262,695	275,370	361,603	246,428	1,146,097

5.2 Residents Satisfaction Survey:

Question	Target	Actual
Have you used the Cable Car in the last 12 months?	30%	48%
How do you rate the standard and operational reliability of the Cable Car? – Good/Very Good	90%	94%

Audit Report
To the readers of
Wellington Cable Car Limited's
financial statements and performance information
for the year ended 30 June 2009

The Auditor-General is the auditor of Wellington Cable Car Limited (the company). The Auditor-General has appointed me, A P Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the company on pages 11 to 32:
 - comply with generally accepted accounting practice in New Zealand;
 - comply with International Financial Reporting Standards; and
 - give a true and fair view of:
 - the company's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on pages 33 to 34 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2009.
- Based on our examination the company kept proper accounting records.

The audit was completed on 30 September 2009, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2009. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 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 Institute of Chartered Accountants of New Zealand.

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



A P Burns
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand