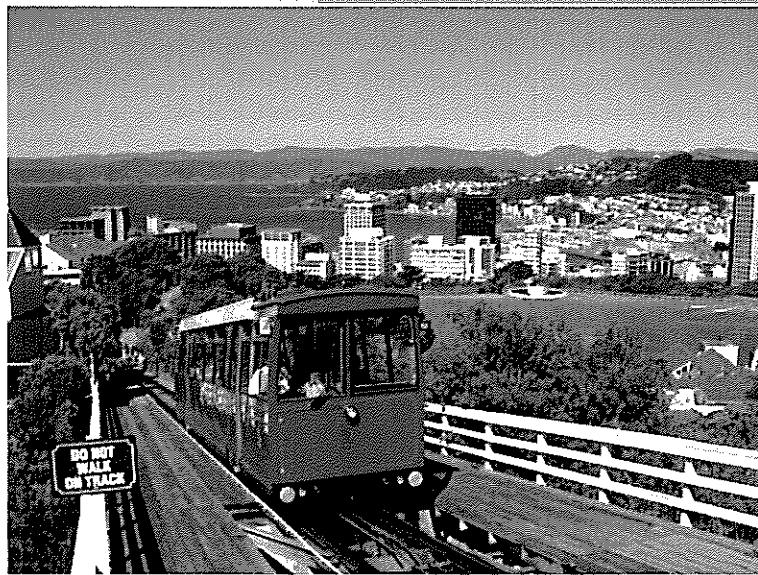


2011/12

# WELLINGTON CABLE CAR LIMITED

## ANNUAL REPORT

For Year Ended 30 June 2012



**Wellington Cable Car Limited**  
**Annual Report**  
**For the Year Ended 30th June 2012**

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# Wellington Cable Car Limited

## Company Directory

### As at 30th June 2012

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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) Mr J Ward (Term completed 31 December 2011)
Company Number	502158
Auditors	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
Date of Formation	2 April 1991

# Wellington Cable Car Limited

## Directors' Annual Report

### For the Year Ended 30th June 2012

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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 2012.

#### 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 \$632,526 (2011: \$136,527). Total Comprehensive Income may include a number of adjustments for non-operational items. There are no non-operational adjustments for 2012. (However, in 2011 there was an adjustment of \$1,696,611 arising from the annual assessment of carrying value of the trolley bus overhead network and deferred tax adjustments for the changes in the corporate tax rate and depreciation on buildings.)
- There were 1.068 million passenger trips on the Cable Car, a small increase of 1% over last year. The lower than anticipated growth in the number of trips purchased is attributed to the continuing tight economic conditions, together with patronage during Rugby World Cup 2011 being largely in substitution of other visitors, and not significantly additional to the usual number of visitors as was budgeted.

# Wellington Cable Car Limited

## Directors' Annual Report

### For the Year Ended 30th June 2012

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- 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;
- The planned replacement of significant lengths of thin contact wire on the trolley bus overhead network was undertaken in the Seatoun area;
- 100 Trolley bus overhead poles were replaced as part of the urgent and critical maintenance programme;
- 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 February 2012 and a safety assessment report issued, which raised for attention a small number of conditions and recommendations, which were 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.
- ii. During the year work continued to replace the exterior panels of the cable cars and check the integrity of the internal framework.
- iii. The proposal to undertake the replacement of the Kelburn Terminus during the 2011/2012 year was deferred until the 2012/13 low season, in order to give time to resolve some design issues.
- iv. The introduction of the electric shuttle bus service between the Cable Car Terminus at Kelburn and the lower Botanic Garden was subject to continuing delay while registration matters were finalised, and will commence for the 2012/13 tourist season.
- v. WCCL's "in-house" staffing of the cable car operation continues to be successful in improving the levels of customer service.

# Wellington Cable Car Limited

## Directors' Annual Report

### For the Year Ended 30th June 2012

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- vi. There were 1.068 million passenger trips on the Cable Car, a small increase of 1% over last year. The lower than anticipated growth in the number of trips purchased is attributed to the continuing tight economic conditions, together with patronage during Rugby World Cup 2011 being largely in substitution of other visitors, and not significantly additional to the usual number of visitors as was budgeted.

#### Trolley Bus Overhead Network

The programme of planned work undertaken during 2011/12 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 2011/12 year related to:

- Replacement of trolley bus collector wire along the Seatoun route.
- Replacement of 100 poles, 11 special aerial switches (for changing buses to a different track) and 5 roadside DC feeder pillars.

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 into with GWRC was for an initial term until 30 June 2012, and with provision to renew until 30 June 2017. In this Agreement GWRC has agreed to provide funding to WCCL for planned and reactive maintenance work on the trolley bus overhead network, and WCCL has agreed to 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 has agreed to.

The Trolley Bus Technical Review Group, comprising representatives of WCCL, Wellington Electricity Lines Ltd (WELL) and Wellington City Transport Ltd (now trading as GO Wellington), met with GWRC on two occasions to jointly start the process for review of the provision of trolley bus passenger services beyond 30 June 2017. Little progress has been made, but it is noted that GWRC has made provision in its Long Term Plan 2012 for the review to be undertaken in the 2013/14 year.

#### Result for the Year

The company achieved a Net Surplus Before Taxation of \$1,181,383 for the year, comprising \$521,383 from normal trading operations and an extraordinary amount of \$660,000 largely arising from the accounting treatment required for the non-taxable revenue received for purchase of two new tower wagons for use in maintaining the trolley bus overhead network, the cost of which was capitalised.

The profit after tax of \$632,526 is not reduced by the types of net adjustments of Other Comprehensive Income that were made last year (2011: \$1,696,611 - arising from the annual assessment of the carrying value of the trolley bus overhead network).

# Wellington Cable Car Limited

## Directors' Annual Report

### For the Year Ended 30th June 2012

The carrying value for the overhead network reflects the present income streams of the Company from the third party pole users who pay for access and use of the company's poles. The Company is working toward implementation of a full commercial charging model for access and use of its poles by all users, which should then result in an increase in the annual assessment of carrying value.

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

The company's income from its other profit-earning infrastructure activities was significantly 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 2011/12 year of the long term Trolley Bus Overhead Network 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, 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 \$5,632,103 (2011: \$4,387,483), 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:

	2012	2011
	\$000	\$000
Income	8,414*	8,927
Expenses	<u>(7,233)</u>	<u>(6,444)</u>
<b>Operating Surplus *</b>	<b>1,181*</b>	<b>2,483</b>
Taxation (Expense)/Credit	(232)	(499)
Subvention Payment	<u>(317)</u>	<u>(151)</u>
<b>Net Surplus after Tax</b>	<b><u>632*</u></b>	<b><u>1,833</u></b>
Other Comprehensive Income	-	(1,696)
<b>Total Comprehensive Income</b>	<b><u>632*</u></b>	<b><u>137</u></b>

\*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.

**Wellington Cable Car Limited**  
**Directors' Annual Report**  
**For the Year Ended 30th June 2012**

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The state of the Company's affairs as at 30 June 2012 was:

	<b>2012</b>	<b>2011</b>
	\$000	\$000
Assets totalled	<u>10,681</u>	<u>8,958</u>
Financed by:		
Liabilities	3,042	1,942
Shareholder's Equity	<u>7,639</u>	<u>7,016</u>
<b>Total Financing</b>	<u><b>10,681</b></u>	<u><b>8,958</b></u>

**Dividend**

The directors will pay a dividend to the shareholder from the results for the 2011/12 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 (Appointed 1 July 2011)
J Ward	3/6 (Term completed 31 December 2011)
A Briscoe	3/6 (Appointed 1 January 2012)

**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
J Ward	\$7,500
A Briscoe	\$7,500



# Wellington Cable Car Limited

## Directors' Annual Report

For the Year Ended 30th June 2012

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### Donations

A donation of \$ 4,052 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 2011/12 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.

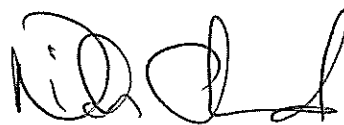
### Auditor

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 2012**

	<i>Note</i>	2012 \$	2011 \$
<b>INCOME</b>			
Operating Income	5	8,331,182	8,897,571
Interest Income		<u>83,383</u>	<u>29,075</u>
<b>Total Operating Income</b>		8,414,565	8,926,646
<b>EXPENSES</b>			
Operations and general	6	5,709,370	4,851,241
Auditors' remuneration	7	19,876	19,000
Impairment of receivables		17,866	221,044
Directors' remuneration	9	52,500	57,046
Depreciation	16	197,353	199,544
Amortisation	17	34,233	11,052
Employees remuneration		1,075,240	948,535
Operating leases		<u>126,744</u>	<u>136,000</u>
<b>Total Operating Expenses</b>		7,233,182	6,443,462
<b>PROFIT BEFORE INCOME TAX</b>		<u>1,181,383</u>	<u>2,483,184</u>
Income Tax Expense	14	231,957	499,000
Subvention Payment Made		316,900	151,046
<b>NET PROFIT FOR THE YEAR</b>		<u><u>\$632,526</u></u>	<u><u>\$1,833,138</u></u>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<u>Revaluation Reserve</u>			
Revaluation Reserve - Net Gain/(Reduction)		-	(2,356,611)
Tax on Equity Items		-	660,000
Other Comprehensive Income for the Year		-	(1,696,611)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>\$632,526</u></u>	<u><u>\$136,527</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 2012**

	Note	2012 \$	2011 \$
<b>EQUITY AT START OF YEAR</b>		7,016,697	6,880,170
<b>SURPLUS &amp; REVALUATIONS</b>			
Profit after Tax		632,526	1,833,138
Total Other Comprehensive Income for the Year		<u>-</u>	<u>(1,696,611)</u>
<b>Total Income and Expense</b>		632,526	136,527
<b>OTHER MOVEMENTS</b>			
Distribution to Owners	8	<u>(10,000)</u>	<u>-</u>
<b>EQUITY AT END OF YEAR</b>		<u><u>\$7,639,223</u></u>	<u><u>\$7,016,697</u></u>
<b>MOVEMENTS IN RETAINED EARNINGS</b>	22		
Retained Earnings at start of year		(594,149)	(2,427,287)
Net Profit		632,526	1,833,138
Dividends A Shares		<u>(10,000)</u>	<u>-</u>
<b>Retained Earnings at End of Year</b>		28,377	(594,149)
<b>MOVEMENTS IN RESERVES</b>	22		
Balance at Start of Year		176,000	1,872,611
Total Other Comprehensive Income for the Year		<u>-</u>	<u>(1,696,611)</u>
<b>Balance at End of Year</b>		176,000	176,000
<b>MOVEMENTS IN ISSUED CAPITAL</b>	22		
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>\$7,639,223</u></u>	<u><u>\$7,016,697</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

## Balance Sheet

As at 30th June 2012

	<i>Note</i>	<i>2012</i> \$	<i>2011</i> \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		676,683	1,135,377
Short Term Investments		1,535,743	758,600
Taxation		18,727	23,589
Trade and other receivables	12	1,827,103	1,169,700
Inventories		923,109	723,974
Prepayments		31,049	-
<b>Total Current Assets</b>		<b>5,012,414</b>	<b>3,811,240</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	16	5,620,076	5,069,966
Intangibles	17	49,070	77,183
<b>Total Non-Current Assets</b>		<b>5,669,146</b>	<b>5,147,149</b>
<b>TOTAL ASSETS</b>		<b>10,681,560</b>	<b>8,958,389</b>
<b>CURRENT LIABILITIES</b>			
GST due for payment		110,093	151,143
Trade and other payables	13	1,978,568	1,135,806
Employee Benefit liabilities		210,638	132,743
Finance leases - current portion	18	2,632	-
<b>Total Current Liabilities</b>		<b>2,301,931</b>	<b>1,419,692</b>
<b>NON-CURRENT LIABILITIES</b>			
Finance leases - non-current portion	18	9,973	-
Deferred tax liability		730,433	522,000
<b>Total Non-Current Liabilities</b>		<b>740,406</b>	<b>522,000</b>
<b>TOTAL LIABILITIES</b>		<b>3,042,337</b>	<b>1,941,692</b>
<b>NET ASSETS</b>		<b>\$7,639,223</b>	<b>\$7,016,697</b>

*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

## Balance Sheet

As at 30th June 2012

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	<i>Note</i>	<i>2012</i>	<i>2011</i>
		\$	\$
Represented by:			
<b>EQUITY</b>			
Share capital	22	7,434,846	7,434,846
Reserves	22	176,000	176,000
Retained Earnings	22	<u>28,377</u>	<u>(594,149)</u>
<b>TOTAL EQUITY</b>		<u><u>\$7,639,223</u></u>	<u><u>\$7,016,697</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 28/9/2012

**Wellington Cable Car Limited**  
**Cash Flow Statement**  
**For the Year Ended 30th June 2012**

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>	10		
Cash was provided from:			
Cash receipts from operations		7,670,464	8,353,000
Cash was applied to:			
Cash paid to suppliers and employees		6,718,193	5,718,000
Payment of Tax		18,124	5,000
Subvention Payment		316,900	151,000
Net GST paid		41,051	(159,000)
Net cash inflow from operating activities		576,197	2,638,000
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Cash receipts from interest		83,383	54,000
Cash was applied to:			
Purchase of property, plant and equipment		(332,584)	(1,703,000)
Investment in term deposits		(775,689)	(758,600)
Net cash (outflow) from investing activities		(1,024,890)	(2,407,600)
<b>Cash flows from financing activities</b>			
Cash was applied to:			
Dividend		(10,000)	-
Net cash (outflow) from financing activities		(10,000)	-
NET INCREASE (DECREASE) IN CASH HELD		(458,694)	230,400
Cash and cash equivalents as at 1 July 2011		1,135,377	904,977
<b>Cash and Cash Equivalents as at 30 June 2012</b>		<b>676,683</b>	<b>1,135,377</b>

All Cashflows stated in this report are exclusive of GST.

*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 2012

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### 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 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 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 and those that apply 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.

**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 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

# Wellington Cable Car Limited

## Notes to the Financial Statements

### For the Year Ended 30th June 2012

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effect of the amendments.

#### 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.

#### 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.

#### 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.

##### (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.



# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

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### (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 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.

# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

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### 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

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
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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.

# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

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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 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.

# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

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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.

### **(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

# Wellington Cable Car Limited

## Notes to the Financial Statements

### For the Year Ended 30th June 2012

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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.

#### (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.

# Wellington Cable Car Limited

## Notes to the Financial Statements

### For the Year Ended 30th June 2012

#### (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. AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

#### 3. 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.

#### 4. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2011:\$0). Wellington Cable Car Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

#### 5. OPERATING INCOME

	2012	2011
	\$	\$
Cable Car income	2,013,976	1,952,561
GWRC income	5,632,103	4,387,483
Third party contract income	561,378	2,421,535
Miscellaneous income	123,725	135,991
	<u>8,331,182</u>	<u>8,897,571</u>

# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

### 6. OPERATIONS AND GENERAL EXPENSES

	2012	2011
	\$	\$
Cable Car operational costs	368,793	370,083
Overhead contactor expenses	1,461,619	1,395,466
Overhead operational costs	428,573	356,324
Overhead repairs and maintenance	2,569,902	2,172,028
Miscellaneous expenses	880,483	557,339
	<u>5,709,370</u>	<u>4,851,239</u>

### 7. AUDITOR'S REMUNERATION

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

	2012	2011
	\$	\$
Auditing the financial statements	<u>19,876</u>	<u>19,000</u>

### 8. DIVIDENDS PAID

	2012	2011
	\$	\$
Dividends paid to owners during the year:		
Dividends A Shares	<u>10,000</u>	-
Total dividends paid	<u>10,000</u>	-

In 2011, an amount equal to the amount of the dividend of \$249,800 that would otherwise have been paid to the shareholder was, with acknowledgement by the shareholder, retained by the Company towards capital expenditure on the proposed new Kelburn Terminus.

### 9. RELATED PARTIES

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:

Land Rental	34,239	34,429
Subvention payment	316,900	151,046
Sundry	<u>28,715</u>	<u>25,265</u>
	<u>379,854</u>	<u>210,740</u>

Note 13 covers outstanding balances relating to the above transactions, which is \$1,198 (2011: \$nil)

Wellington City Council engaged the services of Wellington Cable Car Ltd this year for \$289,664 GST excl (2011: \$1,627,177). Note 12 covers outstanding balances relating to these transactions \$319,237 (2011: \$1,347).

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.

**Wellington Cable Car Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30th June 2012**

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Key management personnel

<i>2012</i>	<i>2011</i>
\$	\$

Key management personnel remuneration

461,711	297,000
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The following employees received remuneration greater than \$100,000 in the 2012 year:

	<i>2012</i>	<i>2011</i>
\$220,000 - \$230,000	1	-

It is noted that no employee earned over \$100,000 in the 2011 year and in respect of the 2012 year, the remuneration stated above includes two years of performance bonuses (the normalised remuneration for this employee is in the \$180 - \$190,000)

Directors' remuneration

<i>2012</i>	<i>2011</i>
\$	\$

R Drummond	30,000	29,000
J Ward (Ceased 31 December 2011)	7,500	14,000
C Southey	-	7,000
A Briscoe (Appointed 1 January 2012)	7,500	-
N Crauford (Appointed 1 July 2011)	15,000	-
Total Directors' remuneration	<u>60,000</u>	<u>50,000</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 \$4,047.62.

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 2012**

**10. CASHFLOW INFORMATION**

	<i>2012</i>	<i>2011</i>
	\$	\$
Net surplus/(deficit) before Taxation	1,181,383	2,483,184
Add/(deduct) non cash items:		
Bad debts written off	-	-
Movement in provision for impairment of doubtful debts	-	221,044
Increase in finance lease liability	(12,605)	-
Depreciation and amortisation	231,587	211,034
	<u>218,982</u>	<u>432,078</u>
Add/(deduct) movements in working capital items:		
(Increase)/decrease in receivables & accruals	(721,673)	(529,000)
Increase/(decrease) in payables & accruals	488,799	592,383
(Increase)/decrease in inventory	(199,135)	(112,000)
	<u>(432,009)</u>	<u>(48,617)</u>
Add/(deduct) investing activities:		
Net (receipt)/payment interest income	(83,383)	(54,075)
Net (receipt)/payment withholding tax	18,124	(23,524)
Net (receipt)/payment Subvention Payment	(316,900)	(151,046)
Net (receipt)/payment Income Tax	-	-
Sub-total investing activities	<u>(382,160)</u>	<u>(228,645)</u>
Add/(deduct) financing activities:		
Net receipt/(payment) of Dividend	(10,000)	-
Sub-total financing activities	<u>(10,000)</u>	<u>-</u>
Net cash flow from operating activities	<u><u>576,197</u></u>	<u><u>2,638,000</u></u>

**11. 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 66.6% (2011: 49.3%) 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.

# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

### 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 2012.

### 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 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:

	<i>2012</i>	<i>2011</i>
	\$	\$
Cash and cash equivalents	2,196,679	1,893,977
Trade and other receivables		
Trade receivables	1,836,465	1,139,700
Other receivables	20,605	30,000
Total Financial assets	<u>4,053,749</u>	<u>3,063,677</u>

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

	<i>2012</i>	<i>2011</i>
	\$	\$
Not past due	1,762,128	536,700
Past due 0-6 months	30	480,000
Past due 7-12 months	64,945	153,000
Past due more than 12 months	-	-
Total Trade and other receivables	<u>1,827,103</u>	<u>1,169,700</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 2012**

	Statement of Financial Position	Total Contractual Cash Flows	0-12 Months	1-2 years	2-5 Years	More than 5 Years
<b>2012</b>						
Trade and other payables	1,978,568		1,978,568			
<b>2011</b>						
Trade and other payables	1,135,806		1,135,806			

**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.

**12. TRADE AND OTHER RECEIVABLES**

	2012	2011
	\$	\$
Trade receivables	1,778,450	1,411,142
Related party receivables	319,237	1,347
Less: Provision for impairment of trade receivables	(291,189)	(273,323)
Net trade receivables	<u>1,806,498</u>	<u>1,139,166</u>
Sundry receivables	<u>20,605</u>	<u>30,534</u>
	<u>1,827,103</u>	<u>1,169,700</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

**13. TRADE AND OTHER PAYABLES**

	2012	2011
	\$	\$
Trade payables	714,954	572,015
Sundry payables	1,262,416	563,791
Related party payables	1,198	-
	<u>1,978,568</u>	<u>1,135,806</u>

**Wellington Cable Car Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30th June 2012**

**14. INCOME TAX EXPENSE**

	<i>2012</i>	<i>2011</i>
	\$	\$
Current year	-	-
Adjustments to current tax in prior periods	23,554	-
Deferred tax	<u>208,403</u>	<u>499,000</u>
	<u>231,957</u>	<u>499,000</u>

<b>Reconciliation of effective tax rate:</b>	%	<i>2012</i>	%	<i>2011</i>
		\$		\$
Surplus for the period excluding income tax		<u>1,181,383</u>		<u>2,483,184</u>
Prima facie income tax based on domestic tax rate	28%	330,787	30%	744,955
Effect of non-deductible expenses	117%	1,381,716	0%	1,000
Effect of tax exempt income	-132%	(1,565,274)	-19%	(469,000)
Prior period adjustment	2%	22,502	0%	(6,000)
Effect of group loss offset	-11%	(132,332)	-13%	(325,000)
Deferred tax adjustment	16%	194,558	22%	553,045
	<u>20%</u>	<u>231,957</u>	<u>20%</u>	<u>499,000</u>

The Company's tax liability for 2011 was reduced by losses transferred from WCC by loss offset of \$739k and subvention payment of \$316k. It is expected that the tax liability for the 2012 year will also be offset by tax losses from / subvention payment to WCC.

	<i>2012</i>	<i>2011</i>
	\$	\$
Imputation credits available for use in subsequent periods	18,727	-

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**Wellington Cable Car Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30th June 2012**

**15. DEFERRED TAX ASSETS AND LIABILITIES**

Recognised deferred tax assets/(liabilities):

	Property, plant & equipment \$	Provisions \$	Total \$
Opening balance, 1 July 2007	-	-	-
Charged to income	12,000	33,000	45,000
Charged to equity	(780,000)	-	(780,000)
Opening Balance, 30 June 2008	(768,000)	33,000	(735,000)
Charged to income	(25,000)	13,000	(12,000)
Charged to equity	-	-	-
Balance, 30 June 2009	(793,000)	46,000	(747,000)
Charged to income	37,000	22,248	59,248
Charged to other comprehensive income	-	-	-
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)

**16. PROPERTY, PLANT & EQUIPMENT**

	2012 \$	2011 \$
<b>Cable Car and equipment (2%)</b>		
<b>Cost</b>		
Opening balance	3,041,742	2,972,742
Additions	5,785	69,000
Closing balance	3,047,527	3,041,742
<b>Accumulated depreciation</b>		
Opening balance	788,001	728,501
Current year depreciation	59,517	59,499
Closing balance	847,518	788,000
<b>Carrying amount</b>	2,200,009	2,253,742
<b>Cable Car and equipment (10%)</b>		
<b>Cost</b>		
Opening balance	346,296	346,296
Additions	14,553	-

*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 2012**

	<i>2012</i>	<i>2011</i>
	<u>\$</u>	<u>\$</u>
Closing balance	<u>360,849</u>	<u>346,296</u>
<b>Accumulated depreciation</b>		
Opening balance	271,499	243,000
Current year depreciation	<u>27,091</u>	<u>28,499</u>
Closing balance	<u>298,590</u>	<u>271,499</u>
<b>Carrying amount</b>	<u>62,259</u>	<u>74,797</u>
<b>Cable car tracks and wires</b>		
<b>Cost</b>		
Opening balance	<u>1,379,807</u>	<u>1,379,807</u>
Closing balance	<u>1,379,807</u>	<u>1,379,807</u>
<b>Accumulated depreciation</b>		
Opening balance	331,546	303,000
Current year depreciation	<u>27,586</u>	<u>28,546</u>
Closing balance	<u>359,132</u>	<u>331,546</u>
<b>Carrying amount</b>	<u>1,020,675</u>	<u>1,048,261</u>
<b>Trolley bus overhead</b>		
<b>Cost</b>		
Opening balance	5,570,895	6,361,895
Additions	-	1,565,000
Revaluation	-	(2,356,000)
Closing balance	<u>5,570,895</u>	<u>5,570,895</u>
<b>Accumulated depreciation</b>		
Opening balance	3,954,000	3,891,000
Current year depreciation	<u>63,375</u>	<u>63,000</u>
Closing balance	<u>4,017,375</u>	<u>3,954,000</u>
<b>Carrying amount</b>	<u>1,553,520</u>	<u>1,616,895</u>
<b>Wire system equipment</b>		
<b>Cost</b>		
Opening balance	71,751	71,751
Additions	<u>6,884</u>	<u>-</u>
Closing balance	<u>78,635</u>	<u>71,751</u>
<b>Accumulated depreciation</b>		
Opening balance	24,000	17,000
Current year depreciation	<u>7,528</u>	<u>7,000</u>
Closing balance	<u>31,528</u>	<u>24,000</u>
<b>Carrying amount</b>	<u>47,107</u>	<u>47,751</u>

*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 2012**

	2012 \$	2011 \$
<b>Motor vehicles</b>		
<b>Cost</b>		
Opening balance	275,231	275,231
Closing balance	<u>275,231</u>	<u>275,231</u>
<b>Accumulated depreciation</b>		
Opening balance	268,000	260,000
Current year depreciation	<u>2,629</u>	<u>8,000</u>
Closing balance	<u>270,629</u>	<u>268,000</u>
<b>Carrying amount</b>	<u>4,602</u>	<u>7,231</u>
<b>Furniture</b>		
<b>Cost</b>		
Opening balance	34,842	31,842
Additions	<u>11,636</u>	<u>3,000</u>
Closing balance	<u>46,478</u>	<u>34,842</u>
<b>Accumulated depreciation</b>		
Opening balance	31,000	30,000
Current year depreciation	<u>1,239</u>	<u>1,000</u>
Closing balance	<u>32,239</u>	<u>31,000</u>
<b>Carrying amount</b>	<u>14,239</u>	<u>3,842</u>
<b>Computer equipment</b>		
<b>Cost</b>		
Opening balance	221,510	221,510
Additions	<u>26,207</u>	<u>-</u>
Closing balance	<u>247,717</u>	<u>221,510</u>
<b>Accumulated depreciation</b>		
Opening balance	215,000	211,000
Current year depreciation	<u>8,388</u>	<u>4,000</u>
Closing balance	<u>223,388</u>	<u>215,000</u>
<b>Carrying amount</b>	<u>24,329</u>	<u>6,510</u>
<b>Work-In-Progress</b>		
<b>Cost</b>		
Opening balance	10,937	10,937
Additions	<u>682,399</u>	<u>-</u>
Closing balance	<u>693,336</u>	<u>10,937</u>
<b>Accumulated depreciation</b>		
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 2012**

	<i>2012</i>	<i>2011</i>
	<u>\$</u>	<u>\$</u>
Current year depreciation	-	-
Closing balance	-	-
<b>Carrying amount</b>	<u>693,336</u>	<u>10,937</u>
<b>Total Property, Plant &amp; Equipment</b>		
<b>Cost</b>		
Opening balance	10,953,011	11,672,011
Additions	747,464	1,637,000
Revaluation	-	(2,356,000)
Closing balance	<u>11,700,475</u>	<u>10,953,011</u>
<b>Accumulated depreciation</b>		
Opening balance	(5,883,046)	(5,683,501)
Current year depreciation	197,353	199,544
Closing balance	<u>6,080,399</u>	<u>5,883,045</u>
<b>Carrying amount</b>	<u>5,620,076</u>	<u>5,069,966</u>
<b>17. INTANGIBLES</b>		
	<i>2012</i>	<i>2011</i>
	<u>\$</u>	<u>\$</u>
<b>Cost</b>		
Opening balance	115,183	49,183
Acquired by direct purchase	6,120	66,000
Closing balance	<u>121,303</u>	<u>115,183</u>
<b>Accumulated amortisation</b>		
Opening balance	38,000	26,948
Current year amortisation	34,233	11,052
Closing balance	<u>72,233</u>	<u>38,000</u>
<b>Carrying amount</b>	<u>\$49,070</u>	<u>\$77,183</u>

*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 2012**

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**18. 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.

	2012 \$	2011 \$
Leases outstanding at balance date:		
Telecom Rentals	12,605	-
Total	<u>\$12,605</u>	<u>-</u>
Repayable as follows:		
Less than one year	<u>2,632</u>	-
	2,632	-
One to five years	<u>9,973</u>	-
	9,973	-
Total	<u>\$12,605</u>	<u>-</u>

**19. OPERATING LEASE COMMITMENTS**

**Non-cancellable operating lease commitments:**

	2012 \$	2011 \$
<u>Land and buildings</u>		
Not later than 1 year	92,433	68,000
Later than 1 and not later than 2 years	86,100	20,000
Later than 2 and not later than 5 years	42,836	14,000
	<u>221,369</u>	<u>102,000</u>
<u>Plant and equipment</u>		
Not later than 1 year	1,981	2,000
Later than 1 and not later than 2 years	1,981	2,000
Later than 2 and not later than 5 years	-	2,000
	<u>3,962</u>	<u>6,000</u>
	<u>225,331</u>	<u>108,000</u>

# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

### 20. CAPITAL COMMITMENTS

	2012	2011
	\$	\$
<u>Contractor</u>		
Not later than 1 year	1,548,317	1,544,000
Later than 1 and not later than 2 years	851,576	1,502,000
Later than 2 and not later than 5 years	-	850,000
	<u>2,399,893</u>	<u>3,896,000</u>

### 21. BORROWINGS

#### Short term bank facilities

\$0 (2011: \$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 (2011: \$0).

#### Bank overdraft

The Company's bank overdraft facility totals \$50,000. The current interest rate on the facility is 11.25% (2011:10.7%). The actual overdraft facility was un-drawn as at 30 June 2012 (2011: un-drawn).

### 22. SHAREHOLDERS' EQUITY

#### Capital

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

	2012	2011
	\$	\$
7,434,746 fully paid Ordinary Shares	7,434,846	7,434,846
<b>Total Issued and Paid up Capital</b>	<u>7,434,846</u>	<u>7,434,846</u>

#### Retained Earnings

	2012	2011
	\$	\$
Retained Earnings opening balance	(594,149)	(2,427,287)
Net Profit after tax	632,526	1,833,138
Available for appropriation	38,377	(594,149)
Dividends paid or provided for	10,000	-
<b>Retained Earnings Closing Balance</b>	<u>28,377</u>	<u>(594,149)</u>

# Wellington Cable Car Limited

## Notes to the Financial Statements

For the Year Ended 30th June 2012

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### Reserves

#### Unrealised Capital Reserves

	2012	2011
	\$	\$
<b>Revaluation Reserve</b>		
<u>Traction Network</u>		
Opening balance for the year	176,000	1,872,611
Revaluation Reserve - Net Gain/(Reduction)	-	(2,356,611)
Tax on Equity Items	-	660,000
Closing balance for the year	<u>176,000</u>	<u>176,000</u>
<b>Total Reserves</b>	<u><u>176,000</u></u>	<u><u>176,000</u></u>

### 23. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events occurred after the balance date.

### 24. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

The major variances between budgeted and actual amounts included in the Statement of Comprehensive Income are as follows:

- Expenditure in relation to the traction network which had been budgeted to be expensed has been capitalised for accounting purposes
- The Company had budgeted to complete certain third party projects in relation to the Traction Network, however these have been either deferred or now cancelled, primarily due to economic conditions
- The actual tax expense amount recognised exceeds budget due to it including the subvention payment made to Wellington City Council in respect of the 2011 financial year, which was not known at the time the budget was completed.

**Wellington Cable Car Limited**  
**Statement of Service Performance**  
**For the Year Ended 30 June 2012**

**Performance Targets and Other Measures for 2011/12**

**Cable Car Service Performance Measures**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>	<b>Actual</b>
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>Assessment undertaken in February 2012. Safety Standards are being met.</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 2012/13 year.</i>

**Trolley Bus Overhead Network Performance Measures**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>	<b>Actual</b>
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 2012/13 prepared by 31 August 2011	<i>Achieved.</i>
Trolley Bus Network Poles identified in AMP 2011/12 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme	<i>Programme amended to facilitate replacement of poles for 3<sup>rd</sup> party contract. Achieved amended programme.</i>
Overhead components replacement or repairs	Component programme completion	Replacement or repairs completed in accordance with the programme	<i>Achieved.</i>
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 2012.	<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>

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**Wellington Cable Car Limited**  
**Statement of Service Performance**  
**For the Year Ended 30 June 2012**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>	<b>Actual</b>
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**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>	<b>Actual</b>
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>All variances exceeding 10% of budget have been approved by the Board.</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>The principles of the current delegation have been adhered to and the Board have approved the position adopted. WCCL is currently in the process of updating delegations to reflect the current job roles/titles within the business.</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>

**Wellington Cable Car Limited**  
**Statement of Service Performance**  
**For the Year Ended 30 June 2012**

Cable Car Patronage

Trips Paid for by Multi-Trip Concession Ticket

2011/12	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	80,800	46,600	82,700	71,500	281,600
Actual Passenger Trips	71,747	52,690	77,874	69,392	271,703

Trips Paid by Cash (Single or Return)

2011/12	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	168,000	242,500	272,800	144,100	827,400
Actual Passenger Trips	150,215	236,727	270,606	138,383	795,931

All Passenger Trips

2011/12	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	248,800	289,100	355,500	215,600	1,109,000
Actual Passenger Trips	221,962	289,417	348,480	207,775	1,067,634

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	49%
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%

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