

## Glossary

**Annual Plan** – the Annual Plan is a budget prepared by the Council showing the expected cost of running the city for the year of the plan and how the costs will be funded. An Annual Plan is not prepared in years when a Long-term Plan is prepared (see Long-term Plan).

**Associates** – are entities that the Council owns a share of but does not control. Our share of the associates' surplus/deficit and net assets is recorded in the Group financial statements. The Council's associates are Basin Reserve Trust (50%), Capacity (63%), Chaffers Marina Holding Limited (12%), Wellington International Airport Limited (34%) and Wellington Regional Stadium Trust (50%).

**Capital expenditure** – expenditure on assets that provide a long-term ongoing benefit to the Council, usually fixed assets (Property, plant and equipment), for example buildings.

**Cash and cash equivalents** – includes cash as well as deposits which mature in less than three months.

**Current asset** – an asset that can readily be converted to cash or will be used to repay a liability within 12 months of balance date.

**Current liability** – a liability that is required to be discharged within 12 months of balance date.

**Depreciation (amortisation)** – an expense charged each year to reflect the estimated cost of using our assets over their lives. Amortisation relates to 'intangible' assets such as software (as distinct from physical assets, which are covered by the term depreciation).

**External funding for capital expenditure** – funding recorded as income but is used to fund capital expenditure projects.

**Fair value** – essentially reflects the market value of assets or liabilities.

**Investment properties** – these are properties that are primarily held by the Council to earn rental income.

**Liquidity/funding risk** – this is the risk that the Council will not have access to the required funds to meet its present obligations.

**Long-term Plan** – A 10-year forecast prepared every three years showing the expected cost of running the city for the following 10 years and how the costs will be funded.

**Net borrowings** – net borrowings is total borrowings less any funds held on deposit.

**Net surplus/(deficit)** - net surplus/deficit is the difference between total income and total expenses. It includes both operating revenue and operating expenditure as well as other non-funded items of revenue and expenditure such as capital funding, vested asset income and fair value movements.

**Operational expenditure** – expenditure that is not capital expenditure (see Capital expenditure).

**Prudential limits** – these are limits applied to the level of borrowings to ensure we are managing the Council's assets and liabilities prudently. These limits are outlined in the Investment and Liability Management Policy in the Long-term Plan.

**Ring-fenced** – funds that can only be used for a specific purpose.

**Total comprehensive income** – is the net surplus/(deficit) adjusted for fair value movements of some of our assets including plant and equipment

and financial instruments such as cash flow hedges. These movements are non-cash in nature and reflect changing fair value of assets the Council owns.

**Underlying funding surplus/(deficit)** – the portion of the overall net surplus/(deficit) that has arisen from changes to operating income operational expenditure as compared to budget.

**Vested assets** – assets that are created by others and passed into Council ownership (eg roads built by a developer as part of a subdivision).