

2010/2011

# WELLINGTON CABLE CAR LIMITED ANNUAL REPORT



## CONTENTS

Page	3	Company Directory
	4-9	Directors' Report
	10	Statement of Comprehensive Income
	11	Statement of Changes in Equity
	12	Statement of Financial Position
	13	Statement of Cash Flows
	14-32	Notes forming part of the Financial Statements
	33-36	Statement of Service Performance
		Auditor's Report

## COMPANY DIRECTORY

For the year ended 30 June 2011

Directors:	Mr. R Drummond Mr. J Ward Ms C Southey (Resigned 31 December 2010)
Chief Executive Officer & Secretary:	Mr. D J Laughton
Registered Office:	30 Glover Street Ngauranga Wellington NEW ZEALAND
Auditor:	Audit New Zealand on behalf of the Auditor-General
Accountant:	Add Smart Limited
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 2011

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 2011.

### 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 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 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 \$137,000 (2010 \$483,000). These amounts include a number of non-operational adjustments, being in respect of revaluation of the trolley bus overhead network and deferred tax adjustments for the changes in the corporate tax rate and depreciation on buildings. Taking into account these non-operational adjustments, the Total Comprehensive Income net of tax relating to operations was \$648,000 (2010 \$339,000).
- There were 1.1 million passenger trips on the cable car, a shortfall of 7.8% against budget. The decrease in the number of trips purchased is attributed to the continuing tight economic conditions;
- A very high reliability, in excess of 99%, was achieved by the cable car;
- 120 Trolley bus overhead poles were replaced as part of the urgent and critical maintenance programme;
- The planned replacement of significant lengths of thin contact wire on the trolley bus overhead network was undertaken in the Brooklyn, Island Bay and Lyall Bay areas;

## DIRECTORS REPORT

For the year ended 30 June 2011

- Undertaking significant overhead network projects at the request of third parties, including the Manners Mall development (constructed over the period September to November 2010) and the Troy Street/ Cobham Drive intersection (re-configured January 2011);
- Increased revenue from other third party services;
- The continued development of the trolley bus overhead network maintenance database and its electronic interface for field staff inputs, allowing detailed compilation of maintenance requirements without the need for manual data entry;
- Our “in-house” staffing of the cable car service continued to provide a high level of customer satisfaction, as shown in the annual survey;
- 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 to continue to be addressed;
- Long-term agreement with GWRC for funding the maintenance of the trolley bus overhead network was achieved.

### 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 programme of planned work undertaken during 2010/11 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 2010/11 year related to:

- replacement of trolley bus collector wire along a number of sections of route in Brooklyn, Island Bay and Lyall Bay;
- replacement of 120 poles, 10 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 scope of work in the maintenance contract that we have with Transfield Services Limited is based on a 5 day per week trolley bus service.

The Technical Review Group, comprising representatives of WCCL, Wellington Electricity Lines Ltd (WELL) and Wellington City Transport Ltd (now trading as GO Wellington), produced a report on the effect of a provision in the power supply contract between WELL and GO Wellington that in the event of a substation supply failure, supply would be restored to the overhead network by closing WCCL's overhead network open points. WCCL rejects this contractual provision, as it is not party to the contract agreement and to implement the contractual provision without specific technical evaluation and approval by WCCL could adversely affect operational performance and safety. The report has been submitted to WCC and referred on to GWRC, as public passenger transport funder, for further consideration and action.

## DIRECTORS REPORT

For the year ended 30 June 2011

A Funding Agreement was entered into with Greater Wellington Regional Council for an initial term until 30 June 2012 and renewable until 30 June 2017, in which 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 bus passenger services.

### 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 2011 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 on replacing the exterior panels of the cable cars and checking the integrity of the internal framework. This work is being done overnight on a fortnightly cycle, with work scheduled to be completed by mid December 2011;
- iii. The bridge over the cable car track providing private access to a property in Everton Terrace, which had been inadequately maintained and its load bearing capability restricted, was replaced by the owner of the property;
- iv. The proposal to replace the Kelburn Terminus has been progressed during the 2010/11 year, with concept design submissions requested from selected architects. The evaluation process continues at year end and decisions on the next steps will be made in 2011/12 year. It is planned to commence construction in April 2012. The Directors (after consultation with the shareholder) has applied the amount of the annual dividend usually payable to the shareholder to the capital cost of the Kelburn Terminus.
- v. The introduction of the electric shuttle bus service between the lower Botanic Garden and the Cable Car Terminus at Kelburn was delayed by NZTA administrative matters and will be commenced for the 2011/12 tourist season.
- vi. WCCL's "in-house" staffing of the cable car operation continues to be successful in improving the levels of customer service. Passenger trip numbers decreased, attributable to the economic conditions being experienced.

### Result for the Year

The company achieved a Net Surplus Before Taxation of \$2,483,000 for the year, comprising \$918,000 from normal trading operations (2010 \$484,000), and an extraordinary amount of \$1,565,000 arising from the accounting treatment required for the non-taxable revenue received for undertaking the Manners Mall project, the cost of which was capitalised.

The profit after tax of \$1,833,000 is reduced by a net adjustment of Other Comprehensive Income of \$1,696,000 arising from the annual assessment of the carrying value of the trolley bus overhead network. The reduction in carrying value is attributable in part to the full impairment (i.e. write off) of the capital cost of the Manners Mall project (\$1,127,000 net of tax), as it does not add to the revenue-earning capacity of the company, but is a re-routing only of a part of the network. The balance of the reduction in carrying value (\$569,000 net of tax) arises from the uncertainty around the timing of when the company can introduce a fully commercial basis for charging for access to and use of its poles. The carrying value for the overhead network has been based on the present income streams of the Company, rather than assuming there will be a legislative amendment to allow the Company to apply a full commercial charging model after three years given there is insufficient certainty of this as at balance date. When

## DIRECTORS REPORT

For the year ended 30 June 2011

there is greater certainty about these assumptions, the annual assessment of carrying value may result in increases to it. If the annual assessment of carrying value of the trolley bus overhead network had not resulted in the reduction this year of \$569,000 due to the changes in assumptions around quantum and timing of commercial charging, the Total Comprehensive Income this year would have been \$706,000 (2010 \$483,000).

The company's fare income from the cable car operations was above budget, although passenger trips were below budget.

The company's income from its other profit-earning infrastructure activities was satisfactory.

The company has carried out the maintenance and replacement activities detailed in the 2010/11 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 \$4,387,483 (2010 \$3,958,087), which was met by payment of that amount to WCCL by GWRC.

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

	<b>2011</b>	<b>2010</b>
	\$000	\$000
Income	8,927*	6,351
Expenses	<u>(6,444)</u>	<u>5,867</u>
<b>Operating Surplus *</b>	<b>2,483*</b>	<b>484</b>
Taxation (Expense)/Credit	(499)	10
Subvention Payment	<u>(151)</u>	<u>(63)</u>
<b>Net Surplus after Tax</b>	<b><u>1,833*</u></b>	<b><u>431</u></b>
Other Comprehensive Income	(1,696)*	52
<b>Total Comprehensive Income</b>	<b><u>137</u></b>	<b><u>483</u></b>

\* As a result of accounting treatment of undertaking the Manners Mall project, together with annual assessment of carrying value of the trolley bus overhead network.

The state of the Company's affairs as at 30 June 2011 was:

	<b>2011</b>	<b>2010</b>
	\$000	\$000
Assets totalled	<u>8,957</u>	<u>8,438</u>
Financed by:		
Liabilities	1,942	1,560
Shareholder's Equity	<u>7,015</u>	<u>6,878</u>
<b>Total Financing</b>	<b><u>8,957</u></b>	<b><u>8,438</u></b>

**DIRECTORS REPORT**

For the year ended 30 June 2011

**Dividend**

A dividend will not be paid to the shareholder for this year, other than a possible nominal sum. Rather, the directors intend to apply the amount that the dividend would have been to funding of the proposed replacement of the Kelburn Terminus, in accordance with previously agreed arrangement with the shareholder.

**Directors**

The Company held six Board meetings during the year.

Attendance of directors at meetings of the Board was:

Chairman:	R Drummond	6/6
	J Ward	6/6
	C Southey	3/6 (Resigned 31 December 2010)

**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	28,523
J Ward	14,261
C Southey	6,761
	<u>\$49,545</u>

**Donations**

A donation of \$3,654 was made to Wellington Free Ambulance arising from the Gold Coin Day which promoted Wellington attractions to residents hosting visitors to the city during the Rugby World Cup 2011.

**Employees' Remuneration**

One employee was paid over \$100,000, being in the \$120,000 to \$130,000 band.

**General**

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



## DIRECTORS REPORT

For the year ended 30 June 2011

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. Secure long-term agreement with GWRC for funding the maintenance of the trolley bus overhead network, which was achieved;
5. Implement the planned 2010/11 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.

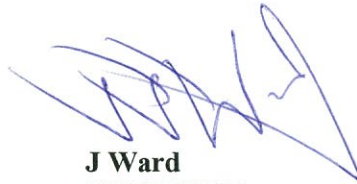
### **Auditor**

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**



**J Ward**  
**DIRECTOR**

# APPENDIX 1

## FINANCIAL STATEMENTS

For the year ended 30 June 2011

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
<b>INCOME</b>			
Revenue from operations		8,898	6,323
Revenue from interest		29	28
Revenue from exchange difference		-	-
<b>TOTAL OPERATING INCOME</b>		<b>8,927</b>	<b>6,351</b>
<b>EXPENSES</b>			
Operations and general		4,851	4,496
Auditors' remuneration		19	18
Impairment of receivables	7	221	8
Directors' remuneration	12	57	52
Depreciation and amortisation	4, 5	211	271
Employees remuneration		949	893
Operating leases		136	129
Loss on disposal of property, plant & equipment		-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>6,444</b>	<b>5,867</b>
<b>TOTAL EXPENSES</b>		<b>6,444</b>	<b>5,867</b>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>2,483</b>	<b>484</b>
Taxation Expense (Benefit)	2	499	(10)
Subvention Payment Made		151	63
<b>PROFIT FOR THE YEAR</b>		<b>1,833</b>	<b>431</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluations - Net Gain / (Reduction)	11	(2,356)	-
Income tax (expense) / benefit relating to components of other comprehensive income	11	660	52
<b>TOTAL OTHER COMPREHENSIVE INCOME NET OF TAX</b>		<b>(1,696)</b>	<b>52</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX</b>		<b>137</b>	<b>483</b>

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

## FINANCIAL STATEMENTS

For the year ended 30 June 2011

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	2011 \$000	2010 \$000
EQUITY - OPENING BALANCE	6,878	6,528
PROFIT FOR THE YEAR	1,833	431
Other Comprehensive Income Net of Tax	(1,696)	52
Dividend	-	(133)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX	137	350
EQUITY - CLOSING BALANCE AT 30 JUNE 2011	7,015	6,878

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

# APPENDIX 1

## FINANCIAL STATEMENTS

For the year ended 30 June 2011

### STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	2011 \$000	2010 \$000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	1,135	905
Short Term Investments		759	
Trade and other receivables	7	1,191	900
Inventory		724	612
Prepayments		0	9
<b>Total Current assets</b>		<b>3,809</b>	<b>2,426</b>
Non-current assets			
Intangible assets	5	77	24
Property, plant and equipment	4	5,071	5,988
<b>Total non-current assets</b>		<b>5,148</b>	<b>6,012</b>
<b>TOTAL ASSETS</b>		<b>8,957</b>	<b>8,438</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	8	1,287	788
Deferred Income from GWRC		-	-
Employee benefit liabilities		133	84
<b>Total current liabilities</b>		<b>1,420</b>	<b>872</b>
Non-current liabilities			
Deferred tax liability	3	522	688
<b>Total non-current liabilities</b>		<b>522</b>	<b>688</b>
<b>TOTAL LIABILITIES</b>		<b>1,942</b>	<b>1,560</b>
<b>EQUITY</b>			
Share capital	10	7,435	7,435
Revaluation Reserve	11	176	1,872
Retained earnings	10A	(596)	(2,429)
<b>TOTAL EQUITY</b>		<b>7,015</b>	<b>6,878</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,957</b>	<b>8,438</b>

For and on Behalf of the Board

Director



Date

17<sup>th</sup> October, 2011

Director



Date

17<sup>th</sup> October 2011

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

# APPENDIX 1

## FINANCIAL STATEMENTS

For the year ended 30 June 2011

### STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Cash receipts from operations		8,353	6,255
Cash was applied to:			
Cash paid to suppliers and employees		(5,718)	(5,917)
Payment of Tax		(5)	(10)
Subvention Payment		(151)	(63)
Net GST paid		159	(28)
Net cash inflow from operating activities	13	<u>2,638</u>	<u>237</u>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Cash receipts from interest	13	54	28
Exchange Transactions		-	-
Proceeds from sale of property, plant and equipment		-	-
Cash was applied to:			
Purchase of property, plant and equipment		(1,703)	(36)
Purchase of intangibles		-	(32)
Net cash (outflow) from investing activities		<u>(1,649)</u>	<u>(40)</u>
<b>Cash flows from financing activities</b>			
Cash was applied to:			
Dividend		-	(130)
Net cash (outflow) from financing activities		<u>-</u>	<u>(130)</u>
Net Increase/(decrease) in cash		989	68
Cash at beginning of year		905	837
Cash at end of year		<u>1,894</u>	<u>905</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

For the year ended 30 June 2011

### 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 and those that apply differential reporting.

### 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 2011.

#### 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 2011

### **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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

***Non Derivative Financial Instruments***

WCCL has the following non-derivative financial instruments.

***Financial assets***

WCCL classifies its investments into the following categories:

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

***Financial liabilities***

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

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Statement of 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**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.

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.

***Infrastructure Assets***

The infrastructure asset (being the Traction network) is valued at its fair value based on an Income 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. 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**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.

**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.

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

For the year ended 30 June 2011

### **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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Changes in Accounting Policies**

There have been no changes in accounting policy this year.

**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 2014. The Company has not yet assessed the effect of the new standard and expects it will not be 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 amendments must first be adopted for the year ended 30 June 2012. The Company has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

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

- NZ IAS 24 Related Party Disclosures (Revised 2009) – The early adoption of NZ IAS 24 has had no effect on related party disclosures.

**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.

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.

# APPENDIX 1

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

For the year ended 30 June 2011

### Note 2: Income tax expense

	Note	2011 \$000	2010 \$000
Current year		0	0
Deferred tax		499	(10)
		<u>499</u>	<u>(10)</u>

### Reconciliation of effective tax rate

	%	2011	%	2010
Surplus for the period excluding income tax		<u>2,483</u>		<u>484</u>
Prima facie income tax based on domestic tax rate	30.00%	744	30.00%	145
Effect of non-deductible expenses	0.00%	1	0.00%	1
Effect of tax exempt income	(19.00%)	(469)	0.00%	0
Effect of tax losses utilised	0.00%	0	0.00%	0
Current years loss for which no deferred tax asset was recognised	0.00%	0	(3.00%)	(13)
	0.00%		0.00%	
Prior period adjustment	0.00%	(6)	0.00%	0
Effect of group loss offset	(13.00%)	(325)	(31.00%)	(150)
Deferred tax adjustment	22.00%	554	2.00%	7
	20.00%	<u>499</u>	(2.00%)	<u>(10)</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 2010 taxable profit (2009:82,000).

	2011 \$000	2010 \$000
Imputation credits as at 1 July	0	0
New Zealand tax payments	24	0
Imputation credits attached to dividends received	0	0
Other credits	0	0
New Zealand tax refunds received	0	0
Imputation credits attached to dividends paid	0	0
Other debits	0	0
	<u>24</u>	<u>0</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 3: Deferred tax assets and liabilities**

*Recognised deferred tax assets/(liabilities)*

	Property, plant & equipment \$000	Provisions \$000	Total \$000
Balance, 30 June 2009	(793)	46	(747)
Charged to income	37	22	59
Charged to other comprehensive income	0	0	0
Balance, 30 June 2010	(756)	68	(688)
Charged to income	(569)	75	(494)
Charged to other comprehensive income	660	0	660
Balance, 30 June 2011	(665)	143	(522)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 4. Property, plant and equipment**

	2011 \$000	2010 \$000
<b>Cable car and equipment (2%)</b>		
Cost - opening balance	2,974	2,974
Accumulated depreciation	(729)	(670)
Net Book Value - opening balance	2,245	2,304
Additions	69	
Disposals	-	-
Depreciation expense	(59)	(59)
Net Book Value - closing balance	<u>2,255</u>	<u>2,245</u>
<b>Cable car and equipment (10%)</b>		
Cost - opening balance	345	332
Accumulated depreciation	(243)	(209)
2007 transfer to correct category	-	-
Net Book Value - opening balance	102	123
Additions	-	13
Disposals	-	-
Depreciation expense	(28)	(34)
Net Book Value - closing balance	<u>74</u>	<u>102</u>
<b>Cable car tracks and wires</b>		
Cost - opening balance	1,379	1,379
Accumulated depreciation	(303)	(276)
Net Book Value - opening balance	1,076	1,103
Additions	-	-
Disposals	-	-
Depreciation expense	(28)	(27)
Net Book Value - closing balance	<u>1,048</u>	<u>1,076</u>
<b>Trolley bus overhead</b>		
Cost - opening balance	6,363	6,363
Accumulated depreciation	(3,891)	(3,828)
Net Book Value - opening balance	2,472	2,535
Additions	1,565	-
Disposals	-	-
Revaluation	(2,356)	
Depreciation expense	(63)	(63)
Net Book Value - closing balance	<u>1,618</u>	<u>2,472</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 4. Property, plant and equipment – continued**

	2011 \$000	2010 \$000
<b>Wire system equipment</b>		
Cost - opening balance	72	56
Accumulated depreciation	(17)	(10)
Net Book Value - opening balance	55	46
Additions	-	16
Disposals	-	-
Depreciation expense	(7)	(7)
Net Book Value - closing balance	48	55
<b>Motor vehicles</b>		
Cost - opening balance	275	275
Accumulated depreciation	(260)	(246)
Net Book Value - opening balance	15	29
Additions	-	-
Disposals	-	-
Depreciation expense	(8)	(14)
Net Book Value - closing balance	7	15
<b>Furniture</b>		
Cost - opening balance	32	31
Accumulated depreciation	(30)	(29)
2007 transfer to correct category	-	-
Net Book Value - opening balance	2	2
Additions	3	1
Disposals	-	-
Depreciation expense	(1)	(1)
Net Book Value - closing balance	4	2
<b>Computer Equipment</b>		
Cost - opening balance	221	216
Accumulated depreciation	(211)	(158)
Net Book Value - opening balance	10	58
Additions	-	5
Disposals	-	-
Depreciation expense	(4)	(53)
Net Book Value - closing balance	6	10
<b>Work-In-Progress</b>		
Cost - opening balance	11	11
Additions	-	-
Capitalised to assets	-	-
Net Book Value - closing balance	11	11
Total Net Book Value - closing balance	5,071	5,988
Total Depreciation & Impairment	(198)	(258)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 5. Intangibles**

	2011 \$000	2010 \$000
<b>Computer Software</b>		
Cost - opening balance	49	17
Accumulated amortisation	(25)	(12)
Net Book Value - opening balance	24	5
Acquired by direct purchase	66	32
Disposals	-	-
Amortisation	(13)	(13)
Net Book Value - Closing balance	<u>77</u>	<u>24</u>
<b>Net Book Value Summary</b>		
Cost	115	49
Accumulated amortisation	(38)	(25)
Net Book Value - Closing balance	<u>77</u>	<u>24</u>

**Note 6. Cash and cash equivalents**

	2011 \$000	2010 \$000
Cash on call	1,131	813
Cash held in EURO currency account	4	98
Overdraft	-	(6)
	<u>1,135</u>	<u>905</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 7. Trade and other receivables**

<b>Trade and other receivables</b>			
	Note	2011 \$000	2010 \$000
<b>Current</b>			
Trade receivables		1,411	629
Less Provision for impairment of trade receivables		(274)	(53)
Related party receivables	12	1	239
Net trade receivables		1,138	815
Sundry receivables		29	77
GST Receivable			8
Tax receivable		24	-
Total current trade and other receivables		1,191	900

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

<b>Provision for impairment of trade and other receivables</b>			
		2011 \$000	2010 \$000
Opening balance		(53)	(45)
Additional or increased provision made		(221)	(8)
Release of unused provision		-	-
Amount utilised		-	-
Provision for impairment of trade and other receivables - closing balance		(274)	(53)

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.

**Note 8. Trade and other payables**

<b>Trade and other payables</b>			
	Note	2011 \$000	2010 \$000
<b>Current</b>			
Trade payables		571	461
Sundry payables		565	298
Related party payables	12	0	5
GST payable		151	-
Provision		-	42
Tax Refund Due		-	(18)
Total current trade and other payables		1,287	788

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 9. Borrowings**

**Short term bank facilities**

\$300,000 (2010 \$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 (2010 \$0).

**Bank overdraft**

The Company's bank overdraft facility totals \$50,000. The current interest rate on the facility is 10.70% (2010:10.7%). Even though the current account in the general ledger shows itself as overdrawn, because of un-presented cheques, the actual overdraft facility was un-drawn as at 30 June 2011 (2010 un-drawn).

**Note 10. Share capital**

Share Capital	2011 \$000	2010 \$000
7,434,746 fully paid ordinary shares	7,435	7,435

**10A. Retained earnings**

	2011 \$000	2010 \$000
Balance at beginning of year	(2,429)	(2,727)
Net Surplus/(Deficit) for the year	1,833	431
Dividends paid	-	(133)
Balance at end of year	(596)	(2,429)

A subvention payment was made to the Wellington City Council, so that income tax losses could be offset within the group for tax purposes. The subvention payment related to the last (2010) financial year's income tax return.

**Note 11. Revaluation reserves**

	2011 \$000	2010 \$000
Traction Network		
Opening balance	1,872	1,820
Revaluation increase / (decrease)	(2,356)	
Tax on Equity items	660	52
Closing balance	176	1,872

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

For the year ended 30 June 2011

### 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:-

	2011 \$000	2010 \$000
Land Rental	35	35
Accounting Fees	-	-
Subvention Payment	151	66
Sundry	25	22
	<u>211</u>	<u>123</u>

Note 8 covers outstanding balances relating to the above transactions, which is nil (2010: \$5,000)

Wellington City Council engaged the services of Wellington Cable Car Ltd this year for \$1,627,177 GST excl (2010: \$266,051). Note 7 covers outstanding balances relating to these transactions \$1,374 (2010: \$238,725).

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

	2011 \$000	2010 \$000
Key management personnel remuneration	<u>374</u>	<u>297</u>

#### Directors' Remuneration

	2011 \$000	2010 \$000
R Drummond	29	26
J Ward	14	13
C Southey	7	13
Total Directors' remuneration	<u>50</u>	<u>52</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

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

	2011 \$000	2010 \$000
Net surplus/(deficit) before Taxation	2,483	484
Add/(deduct) non cash items:		
Bad debts written off		
Movement in provision for impairment of doubtful debts	221	8
Depreciation and amortisation	211	271
	<u>2,915</u>	<u>763</u>
Add/(deduct) movements in working capital items:		
(Increase)/decrease in receivables & accruals	(529)	(138)
Increase/(decrease) in payables & accruals	593	(203)
(Increase)/decrease in inventory	(112)	(88)
	<u>(48)</u>	<u>(429)</u>
Add/(deduct) investing activities:		
Net (gain)/loss on sale of assets	-	-
Net (receipt)/payment interest income	(54)	(28)
Net (receipt)/payment withholding tax	(24)	4
Net (receipt)/payment Subvention Payment	(151)	(63)
Net (receipt)/payment Income Tax	-	(10)
Sub-total investing activities	<u>(229)</u>	<u>(97)</u>
Net cash flow from operating activities	<u>2,638</u>	<u>237</u>

**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 49.3% (2010: 82.4%) 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 2011.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 14. Financial instruments – continued**

**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:

	2011 \$000	2010 \$000
Financial assets		
Cash and cash equivalents	1,135	905
Trade receivables and other receivables		
Trade receivables	1,161	576
Other receivables	30	324
Total Financial Assets	<u>2,326</u>	<u>1,805</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
CONTINUED

For the year ended 30 June 2011

**Note 14. Financial instruments – continued**

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

	2011 \$000	2010 \$000
Trade and other receivables		
Not past due	558	841
Past due 0-6 months	480	16
Past due 7-12 months	153	43
Past due more than 12 months	-	-
Total trade and other receivables	<u>1,191</u>	<u>900</u>

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

	Statement of Financial Position \$000	Total Contractual Cash Flows \$000	0-12 Months \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
2011						
Trade and other payables	1,287		1,287			
2010						
Trade and other payables	788		788			

**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 2011

**Note 15. Commitments and Contingencies**

**Capital commitments:**

	2011 \$000	2010 \$000
Capital Commitments		
Contractor		
Not later than 1 year	1,544	1,381
Later than 1 and not later than 2 years	1,502	230
Later than 2 and not later than 5 years	850	
	<u>3,896</u>	<u>1,611</u>

**Non-cancellable operating lease commitments:**

	2011 \$000	2010 \$000
Land and buildings		
Not later than 1 year	68	73
Later than 1 and not later than 2 years	20	14
Later than 2 and not later than 5 years	14	
	<u>102</u>	<u>87</u>
Plant and equipment		
Not later than 1 year	2	1
Later than 1 and not later than 2 years	2	
Later than 2 and not later than 5 years	2	-
	<u>6</u>	<u>1</u>
	<u>108</u>	<u>88</u>

The Company had no contingent liabilities (2010: \$Nil).

**Note 16. Subsequent Events**

There have been no after balance date adjusting events for the 2010/11 financial year.

**Note 17. Compliance with Local Government Act 2002**

The Board has not complied with the Local Government Act 2002 in that the management of the Company did not make the annual report available to the public or shareholders within 3 months of the end of the financial year as required under section 67 of the Act. Under the Act, this failure to comply does not give rise to any penalty. The Board has instructed management to take all necessary steps to ensure that the processes leading to the completion of the audited annual report are sufficient to avoid such an occurrence again.



## STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2011

### Performance Targets and Other Measures for 2010/11

#### 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 by February each year.	Timely approval received	<i>Assessment undertaken in February 2011. 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 applied for.	Qualmark endorsement obtained by financial year end	<i>Application being made in 2011.</i>

#### Trolley Bus Overhead Network Service 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 2011/12 prepared by 31 August 2010	<i>Draft for 2011/12 is continuation of cycle of initial plan instituted for 2008/09. Drafting of new edition of AMP for 2012/13 underway.</i>
Trolley Bus Network Poles identified in AMP 2010/11 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme	<i>Achieved</i>
Overhead components replacement or repairs	Component programme completion	Replacement completed in accordance with the programme	<i>Achieved</i>

# APPENDIX 1

## STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2011

Performance indicator	Measure	Target/Result	Actual
WCCL pole occupants have formal contracts and appropriate pole user charges are being paid.	Number of contracts current	All recent users have current contracts.  All “Existing Works” users have contracts signed by 30 June 2012.	<i>Pole occupants without existing user rights have paid their rental charges in accordance with their contracts. Occupants claiming existing user rights do not yet have contracts due to unresolved differences in interpretation of legislation.</i>
GWRC funding agreement being complied with.	Number of breaches of agreement	Nil breaches by WCCL	<i>GWRC funding agreement came into effect 1 February 2011. Nil breaches.</i>
Performance requirements in the GWRC Trolley Bus Overhead funding agreement are met.	GWRC Contract payments received  Other Contract Requirements	Paid in accordance with agreed funding levels  No complaints from GWRC	<i>All payments due have been received.</i>  <i>Achieved</i>

### All of WCCL Activities Performance Measures

Performance indicator	Measure	Target/Result	Actual
Compliance with appropriate regulations and statutes	Number of adverse comments from the relevant regulatory authorities.	Nil adverse comments	<i>Achieved</i>
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% or Board approved variance	<i>Achieved favourable cost and revenue variances and higher than budgeted favourable surplus.</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	Nil Risks and Vulnerabilities not identified  Nil Risks and Vulnerabilities not mitigated to acceptable limit	<i>Achieved</i>

## STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2011

**Cable Car Patronage****Trips Paid by Multi-Trip Concession Ticket**

2010/11	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	93,700	74,100	94,600	88,500	350,900
Actual Passenger Trips	80,790	46,662	79,033	71,251	277,736

**Trips Paid by Cash (Single or Return)**

2010/11	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	154,500	215,600	267,700	157,300	795,100
Actual Passenger Trips	148,010	210,504	272,418	148,050	778,982

**All Passenger Trips**

2010/11	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	248,200	289,700	362,300	245,800	1,146,000
Actual Passenger Trips	228,800	257,166	351,451	219,301	1,056,718

## STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2011

**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	46%
How do you rate the standard and operational reliability of the cable car (Good/Very good)	95% of respondents with some knowledge of the cable car rate it Good/Very good	94%