



WELLINGTON CABLE CAR LIMITED

ANNUAL REPORT 2013 / 14





Wellington Cable Car Limited
Annual Report
For the Year Ended 30th June 2014

Contents	Page
Company Directory	1
Chairman's Report	2
CEO's Report	4
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Balance Sheet	9
Cash Flow Statement	11
Notes to the Financial Statements	12
Statement of Service Performance	33
Auditor's Report	36

Wellington Cable Car Limited
Company Directory
As at 30th June 2014

Issued Capital	7,434,746 fully paid Ordinary Shares
Registered Office	30 Glover Street Ngauranga Wellington, NEW ZEALAND
Directors	Mr A W Matthews (Appointed 1 April 2014) Mr A E Wilson (Appointed 1 April 2014)
Company Number	502158
Auditors	Audit New Zealand on behalf of the Auditor-General
Bankers	ANZ Limited
Share Registry	Level 4, Civic Administration Building 101 Wakefield Street Wellington, NEW ZEALAND
Solicitors	DLA Phillips Fox
Date of Formation	2 April 1991

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Chairman's Report

For the Year Ended 30th June 2014

Chairman's Report

This has been a year of significant change for Wellington Cable Car Limited. Change is a constant in any business but this year has been extraordinary by all accounts. The significant changes include a new Board of Directors (as of 01 April 2014), a new CEO (Simon Fleisher joined on 14 October 2013), a brand new Cable Car passenger terminal building at Kelburn and the decision by Greater Wellington Regional Council to end Trolley Bus services in Wellington in 2017. The next 12 months will continue to be busy as the Company has a number of strategic initiatives in hand. These include (a) progressing the long-term renewal of aging Cable Car assets, (b) completing the remaining safety related programme of Trolley Bus network capital works, (c) charting a new strategic direction to follow as the Trolley Bus overhead electrical network enters its final service years and (d) preparing for the introduction of the new Health and Safety at Work Act.

Wellington City Council (which owns the Company) had undertaken a wider strategic review of all of its CCOs and Trusts had decided to restructure the make-up of the Board of Wellington Cable Car Limited. As a result, the previous external Board of Directors (Roger Drummond, Nicki Crauford and Anthony Briscoe) stepped down at the end of March 2014 and were replaced by two of Wellington City Council's Executive Leadership Team - Anthony Wilson (Chief Asset Officer) and Andy Matthews (Chief Financial Officer) as of 01 April 2014.

Roger Drummond served as a Director and Chair since 14 December 2005, and the majestic new terminal building at Kelburn pays testimony to the vision and leadership he inspired in the Company and the outstanding legacy left behind for Wellington residents and visitors as a result of the Board's endeavours. Nicki Crauford continues to serve as a Director for a number of public service organisations including Capacity Infrastructure Services, Watercare Services, Orion New Zealand, the Environmental Protection Agency and the Wellington Rural Fire Authority in addition to her day job as a Senior Consultant at Worley Parsons. Anthony Briscoe has recently moved to Bermuda to take up a new role as the CEO of the Southern Cross Cable Network and is assisting to safeguard New Zealand and Australia's vital internet links across the Pacific. I would like to express my thanks and appreciation to Roger, Nicki and Anthony for their excellent governance and direction to the Company during their respective tenures and wish them well for the future.

Simon Fleisher joined the Company in October 2013 and brings with him a wealth of leadership capabilities, operations management and technical project management experience from the Defence sector and the Electricity industry. As well as his technical background (he is a Fellow of the Institution of Mechanical Engineers), Simon is a graduate of Victoria University's MBA programme as well as the NZDF Command and Staff College. He brings with him a huge amount of energy and enthusiasm that has already been channelled into leading the Company to excel whilst creating an environment within which the employees can thrive and prosper, leading to an engaged and harmonious Company culture that directly benefits our customers.

The new Cable Car passenger terminal building at Kelburn was completed in December 2013 and was proudly opened by the Her Worship the Mayor of Wellington Celia Wade-Brown on 27 February 2014. This new building was architecturally designed by Ric Slessor (of Bevin and Slessor Architects) and built by Fletcher Construction and has transformed the passenger experience at the top of the Cable Car for local residents and visitors alike. This visionary project is the jewel in the crown of our transport operation and has already proven its worth in terms of increased passenger numbers since it opened. I would like to thank our neighbours the Wellington Museums Trust and Panorama Properties (owners of the Boat Café) for their assistance and support during the busy construction phase of the project, and we believe that the end result was definitely worth the wait.

Wellington Cable Car Limited

Chairman's Report

For the Year Ended 30th June 2014

The Cable Car has a secure future as an iconic visitor experience, however investment will be required in the short term to replace the drive and control systems, and in the medium term to replace the cars. The indicative costs of these works are in the order of \$10 Million, which are not able to be funded entirely from operating surpluses. The Board has initiated discussions with Wellington City Council, (as shareholders) about how this might be financed.

Greater Regional Wellington Council (GWRC) released their updated Regional Public Transport Plan on 26 June 2017. This has a number of wide-ranging strategic initiatives that also includes the intention to cease Trolley Bus passenger services in Wellington when the current tranche of passenger services contracts expire on 30 June 2017. The Company is working closely with GWRC to safely manage and oversee the Trolley Bus overhead electrical network through its last remaining service years and commence planning for decommissioning.

The imminent introduction of the new Health and Safety at Work Act marks a step change in fiduciary responsibilities for Directors and Officers with respect to what the new Act defines as *"Persons conducting a business or undertaking (PCBU)."* The Company has already been proactive in working closely with Wellington City Council, Greater Wellington Regional Council and the Electricity Engineers' Association to prepare for the introduction of this new legislation. This Zero Harm approach will continue to ensure that employees, contractors and the general public working on or travelling on our iconic public transport assets continue to enjoy excellent levels of safety.

Wellington Cable Car Limited is a unique CCO that has two sets of iconic and elderly passenger transport infrastructure in its charge, proudly operated and maintained on behalf of Wellington City Council and Greater Wellington Regional Council. Whilst the Trolley Bus network is entering its twilight years, the Cable Car has a very secure future and continues to be loved by Wellington residents and visitors. I am delighted to be the Chair of the Company and look forward to working with its CEO, employees and contractors to continue supporting this infrastructure on behalf of the community.

Anthony Wilson
Chair

Wellington Cable Car Limited

CEO's Report

For the Year Ended 30th June 2014

This is my first Chief Executive's report for Wellington Cable Car Limited and I'm pleased to say that the Company has had an extraordinary year (as already mentioned in the Chair's report) and is blessed with exceptional people. We're one of the smallest CCOs within the Wellington City Council group and employ less than 30 people but our efforts contribute significantly to Wellington's public transport sector with the help and engagement of our employees and subcontractors.

The Company has two operating divisions – the Cable Car (which runs successfully as a profitable division) and the Trolley Bus overhead electrical network (which is directly funded by Greater Wellington Regional Council). Both divisions have been extremely busy throughout the year and the pace of life is increasing as new business activity generates further projects. In addition to the day job of keeping the Cable Car running and the Trolley Bus network operational, the Company has got a number of significant technical projects underway including the replacement of the Cable Car electric drive and the installation of an electrical fault protection system for the Trolley Bus network. A snapshot of some of the year's highlights are outlined below.

Cable Car

The Cable Car completed the construction of the elegant new Kelburn passenger terminal in December 2013 and we were delighted that Her Worship the Mayor of Wellington Celia Wade-Brown officially opened the new building on 27 February 2014. Feedback from the general public has been outstanding and passenger numbers have picked up since completion of construction whilst revenue has also increased.

A strategic marketing review is in hand and, once implemented, should further enhance passengers and revenue, which is vital if we are to be able to continue investing in the Cable Car's future to improve it on behalf of the community we serve. Good examples of the novel initiatives undertaken this year to promote the Cable Car and enhance the quality of the passenger experience include the introduction of Snapper, the Contact Energy-sponsored tunnel light show that ran during the NZ Festival in February / March 2014, and hosting of one of the Starship hospital Big Egg Hunt venues in March / April 2014.

Further work also continues on the upgrade of other passenger facilities including new passenger gates and a point-of-sales and ticketing system which should be completed by December 2014. Initial planning and concept design is underway for the replacement of the Cable Car electric drive, control systems and the Cable Car vehicles themselves as the existing system is now 35 years old. This will also have the additional benefits of increasing passenger capacity and helping to deal with congestion on busy cruise ship days.

Trolley Bus Overhead Electrical Network

The Company proudly operates and maintains Wellington's unique Trolley Bus overhead electric network under contract to Greater Wellington Regional Council. Despite the decision in June 2014 that Trolley Bus services will cease in 2017, we still have many years of hard work remaining to ensure that the network remains operationally available in accordance with the contract and meets all the requisite safety and technical requirements enacted under legislation.

Significant projects in hand or nearing completion include replacement of old network sections in Karori and Hataitai, and further essential, safety-related network section work is planned for Newtown, Karori and Hataitai. In addition, the prototype Trolley Bus Overhead Protection (TBOP) protection cabinet was installed in Kilbirnie in March 2014 and has already proved its worth,

Wellington Cable Car Limited

CEO's Report

For the Year Ended 30th June 2014

significantly improving electrical safety in this area as a result. Further protection cabinets will be installed in a small number of high priority areas to finish this project, which has been technically challenging but has proved the high level of skill and dedication that our employees and contractors possess. I am delighted to say that this novel and innovative project has been nominated for an IPENZ-sponsored New Zealand Engineering Excellence award in the *"Excellence in Engineering for Safety"* category.

Wellington Cable Car Limited operates and maintains the Trolley Bus overhead electric network in conjunction with a specialist electrical maintenance services provider (Transfield Services Limited, TSL). Earlier this year, the Company and TSL successfully negotiated a 3-year extension to the existing contract which was originally scheduled to end this year. The negotiation process was extremely successful in that it secured improved operational procedures whilst also enhancing the working relationship between both parties and ensuring that maintenance services will continue smoothly through to the end of the current Trolley Bus contract with GWRC (which ends in June 2017).

The Company has also been successful in signing a number of new contracts with various Ultra-Fast Broadband providers such as Chorus and CityLink to licence the installation of their equipment on the Trolley Bus network supporting infrastructure. This provides a small revenue stream that helps to offset network maintenance costs and, just as importantly, it ensures compliance with statutory legislation including the new Health and Safety at Work Act which is due to be enacted during the coming year.

Financial Result

The Company achieved a Net Surplus Before Taxation of \$326,501 for the year comprising \$557,168 from normal trading operations (being Profit before Tax and impairment) and an extraordinary amount of \$230,667 relating to the impairment of the Overhead Network.

The impairment in the carrying value of the Overhead Network is attributable to legislative inability to charge 'existing rights' users for having connections on the WCCL network which had been forecast in previous years. This will be reviewed again in the 2014/15 year as a result of the decision by GWRC to cease Trolley Bus services in 2017 given the structure of the network operations will be better known.

The Company continues to maintain solid cash reserves, which is a very pleasing result taking into consideration the new Kelburn Terminus was 100% funded from operational profits and no external funding or grants were required.

Given the construction of the new Kelburn Terminus, along with reduced cruise ship numbers and abnormal weather and seismic events, Cable Car passenger numbers were less than those originally budgeted,. However it is pleasing to note that passenger revenue in 2013/14 was still an improvement over the prior year.

Wellington Cable Car Limited

CEO's Report

For the Year Ended 30th June 2014

Summary

Wellington Cable Car Limited has had to deal with a lot of externally-directed change over the past 12 months and the employees have reacted magnificently to all of this and ensured that the Company continued to provide a first class service to the community without interruption. The quality of the Company's output is a direct reflection on the pride and professionalism of the employees, and the hard work and dedication that they put in on a daily basis. Whilst Wellington Cable Car Limited has electrical and railway engineering as its technical backbone, it is the people who make the Company what it is and provide the working spirit and culture. As I approach the end of my first year in the role, I would like to thank all of our employees, contractors and, in particular, my senior leadership team (Andrew Cresswell, Matthew Hardy, Gavin MacIntyre and Bruce Jensen) for their sterling efforts and support throughout the year.

Simon Fleisher
CEO

Wellington Cable Car Limited

Financial Statements

For the Year Ended 30th June 2014



Wellington Cable Car Limited
Statement of Comprehensive Income
For the Year Ended 30th June 2014

	<i>Note</i>	2014 \$	2013 \$
INCOME			
Operating Income	4	7,847,947	6,549,832
Interest Income		52,596	97,073
Gain on Disposal		<u>78,839</u>	<u>-</u>
Total Operating Income		7,979,382	6,646,905
EXPENSES			
Operations and general	5	5,707,512	4,320,071
Auditors' remuneration	6	27,781	35,800
Directors' remuneration	8	58,000	60,000
Depreciation	15	256,775	186,666
Loss on Disposal		-	36,360
Amortisation	16	22,797	26,181
Employees remuneration		1,233,781	1,069,612
Operating leases		132,868	125,759
Revaluation/impairment	15	<u>213,367</u>	<u>557,066</u>
Total Operating Expenses		7,652,881	6,417,515
PROFIT BEFORE TAX		326,501	229,390
Income Tax Expense	13	118,441	(155,993)
Subvention Payment Made		208,535	131,102
NET PROFIT/(LOSS) FOR THE YEAR AFTER TAX		(\$475)	\$254,281
OTHER COMPREHENSIVE INCOME:			
Revaluations - Net Gain/(Reduction)	21	-	(244,444)
Income tax (expense)/benefit relating to components of other comprehensive income	21	<u>-</u>	<u>68,444</u>
Other Comprehensive Income		-	(176,000)
TOTAL COMPREHENSIVE INCOME		(\$475)	\$78,281

*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 2014

	Note	2014 \$	2013 \$
EQUITY AT START OF YEAR		7,623,124	7,639,223
SURPLUS & REVALUATIONS			
Profit/(Loss) after Tax		(475)	254,281
Total Other Comprehensive Income for the Year		-	(176,000)
Total Income and Expense		(475)	78,281
OTHER MOVEMENTS			
Distribution to Owners	7	-	(94,380)
EQUITY AT END OF YEAR		<u>\$7,622,649</u>	<u>\$7,623,124</u>
MOVEMENTS IN RETAINED EARNINGS	21		
Retained Earnings at start of year		188,278	28,377
Net Profit/(Loss)		(475)	254,281
Dividends A Shares		-	(94,380)
Retained Earnings at End of Year		187,803	188,278
MOVEMENTS IN RESERVES	21		
Balance at Start of Year		-	176,000
Total Other Comprehensive Income for the Year		-	(176,000)
MOVEMENTS IN ISSUED CAPITAL	21		
Balance at Start of Year		7,434,846	7,434,846
Balance at End of Year		7,434,846	7,434,846
		<u>\$7,622,649</u>	<u>\$7,623,124</u>

*The accompanying notes form part of these financial statements.
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Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2014

	<i>Note</i>	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents		458,214	1,348,438
Short Term Investments		278,368	1,306,312
Taxation		4,679	65
Trade and other receivables	11	1,985,703	1,412,760
Inventories		633,699	844,171
Prepayments		<u>11,532</u>	<u>19,832</u>
Total Current Assets		3,372,195	4,931,578
NON-CURRENT ASSETS			
Property, plant & equipment	15	6,433,395	4,973,680
Intangibles	16	<u>5,874</u>	<u>22,889</u>
Total Non-Current Assets		6,439,269	4,996,569
TOTAL ASSETS		9,811,464	9,928,147
CURRENT LIABILITIES			
GST due for payment		108,265	90,735
Trade and other payables	12	1,362,932	1,577,128
Employee Benefit liabilities		143,666	167,656
Finance leases - current portion	17	<u>3,675</u>	<u>3,110</u>
Total Current Liabilities		1,618,538	1,838,629
NON-CURRENT LIABILITIES			
Finance leases - non-current portion	17	3,188	6,863
Deferred tax liability	14	<u>567,089</u>	<u>459,532</u>
Total Non-Current Liabilities		570,277	466,395
TOTAL LIABILITIES		2,188,815	2,305,024
NET ASSETS		<u>\$7,622,649</u>	<u>\$7,623,123</u>

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Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2014

	<i>Note</i>	<i>2014</i>	<i>2013</i>
		\$	\$
Represented by:			
EQUITY			
Share capital	21	7,434,846	7,434,846
Reserves	21		
Retained Earnings	21	187,803	188,278
TOTAL EQUITY		<u>\$7,622,649</u>	<u>\$7,623,124</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 13 Nov 14 13 November 2014

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These financial statements should be read in conjunction with the attached.

Wellington Cable Car Limited
Statement of Cash Flow
For the Year Ended 30th June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from operations		7,349,737	6,961,959
Payments to suppliers and employees		(7,205,709)	(5,968,143)
Payments of Tax		(15,499)	(27,802)
Subvention payment		(208,535)	(131,102)
Goods and services tax (net)		(51,766)	(19,358)
<i>Net cash from operating activities</i>	9	(131,772)	815,554
Cash flows from investing activities			
Receipts from interest		68,282	99,290
Disposal of property, plant and equipment		33,089	-
Purchase of property, plant and equipment		(1,889,890)	(378,142)
Investment in term deposits		1,308,435	229,432
Matured Investment in term deposits		(278,368)	-
<i>Net cash from investing activities</i>		(758,452)	(49,420)
Cash flows from financing activities			
Dividend		-	(94,379)
<i>Net cash from financing activities</i>		-	(94,379)
Net (decrease)/increase in cash and cash equivalents		(890,224)	671,755
Cash and cash equivalents as at the beginning of the year		1,348,438	676,683
Cash and cash equivalents at the end of the year		<u>458,214</u>	<u>1,348,438</u>

*The accompanying notes form part of these financial statements.
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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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 Organisation as defined by Section 6 of the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of the Company is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Company has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements are for the year ended 30 June 2014 and were approved by the Board of Directors on 13 November 2014.

Statement of Compliance

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.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and they comply with NZIFRS as appropriate for public benefit entities.

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

Measurement Base

The financial statements of Wellington Cable Car Limited have been prepared on an historical cost basis, except where modified by the revaluation of trolley bus overhead lines.

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 and 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 on the classification and measurement of financial assets 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

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company will be eligible to apply the reduced disclosure regime (Tier 2 reporting entity) of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Company will transition to the new standards in preparing its 30 June 2015 financial statements. The Company has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

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 has applied all differential reporting exemptions except Statement of Cash Flows and income tax.

(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.

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

(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.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

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.

Trolley bus overhead and Poles

The Traction network is valued at its fair value based on a discounted cash flows approach to their valuation. This valuation is completed annually as at 30 June using a model prepared by PricewaterhouseCoopers. The valuation is based on expected revenue from contracts for connections to poles using a discount rate of 8%. The valuation assumes that the infrastructure will continue to be retained and maintained by the users of that infrastructure. 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 valued at cost and 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.

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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 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	2.5%-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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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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. 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) 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.

(h) 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.

(i) 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.

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

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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.

(j) 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.

(k) 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.

(l) 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 effective interest rate method. Fair value is estimated at 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.

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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.

(m) 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.

(n) Government Grants

The trolley bus overhead wiring system funding is from contract payments by the Greater Wellington Regional Council.

Grants are recognised as income when received, unless conditions apply. Any grants for which conditions apply under the grant agreement are carried as liabilities until all the conditions have been fulfilled.

(o) Expenses

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

(p) 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.

(q) 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.

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

(r) Going Concern

These financial statements have been prepared on the basis that the company is a going concern and has the continuing support of its shareholders. Based on the continuing financial support of its shareholders, the company would satisfy the solvency requirements of the Companies Act 1993.

2. 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.

On 26 June 2014 a decision was made to cease Trolley Bus services in Wellington with effect from 30 June 2017. This will have a material impact on the nature and operation of the Overhead Division of Wellington Cable Car Limited's business. The quantum of this impact and any future changes as a result has not been quantified or resolved as yet but a strategic review will be undertaken in the year ended 30 June 2015.

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2013:\$0). Wellington Cable Car Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

4. OPERATING INCOME

	2014	2013
	\$	\$
Cable Car income	2,177,637	2,172,471
GWRC income	5,261,488	3,814,140
Third party contract income	311,930	438,910
Miscellaneous income	96,892	124,311
	<u>7,847,947</u>	<u>6,549,832</u>

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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

5. OPERATIONS AND GENERAL EXPENSES

	2014	2013
	\$	\$
Cable car operational costs	461,724	352,710
Overhead contractor expenses	1,394,413	1,431,345
Overhead operational costs	471,118	336,777
Overhead repairs and maintenance	2,587,832	1,460,366
Miscellaneous expenses	792,424	738,875
	<u>5,707,511</u>	<u>4,320,073</u>

6. AUDITOR'S REMUNERATION

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

	2014	2013
	\$	\$
Auditing the financial statements	27,781	20,800
Non-statutory work	-	15,000
	<u>27,781</u>	<u>35,800</u>

7. DIVIDENDS PAID

	2014	2013
	\$	\$
Dividends paid to owners during the year:		
Dividends A Shares	-	94,380
Total dividends paid	<u>-</u>	<u>94,380</u>

8. RELATED PARTIES

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

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

Land Rental	34,239	34,239
Subvention payment	208,535	131,102
Sundry	15,050	33,741
	<u>257,824</u>	<u>199,082</u>

Note 12 covers outstanding balances relating to the above transactions, which is \$117 (2013: \$2,178)

Wellington City Council engaged the services of Wellington Cable Car Ltd this year for \$13,347 GST excl (2013: \$323,056). Note 11 covers outstanding balances relating to these transactions \$3,933 (2013: \$17,866). Wellington Cable Car Limited has provided for \$12,000 of directors' fees payable to Wellington City Council as at 30 June 2014.

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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

	2014	2013
	\$	\$
Key management personnel remuneration	533,991	477,280

The following employees received remuneration greater than \$100,000 in the 2014 year:

	2014	2013
\$100,000 - \$110,000	2	-
\$110,000 - \$120,000	1	-
\$180,000 - \$190,000	-	1

Directors' remuneration

	2014	2013
	\$	\$
R Drummond (Resigned 31 March 2014)	23,000	30,000
A Briscoe (Resigned 31 March 2014)	11,500	15,000
N Crauford (Resigned 31 March 2014)	11,500	15,000
A Matthews (Appointed 1 April 2014)	4,000	-
A Wilson (Appointed 1 April 2014)	8,000	-
Total Directors' remuneration	58,000	60,000

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

It is noted that the directors' remuneration listed above for A Matthews and A Wilson is payable to Wellington City Council.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

9. CASHFLOW INFORMATION

	2014	2013
	\$	\$
Profit/(Loss)	(475)	254,281
Add/(less) non cash items		
Movement in provisions	-	-
Tax expense	107,554	(24,891)
Revaluation - net loss	230,667	557,066
Depreciation and amortisation expense	<u>262,272</u>	<u>212,847</u>
	600,493	745,022
Add/(less) items classified as investing or financing activities		
(Receipt)/payment of interest income	(68,282)	(97,073)
(Receipt)/payment of dividend	-	-
	<u>(68,282)</u>	<u>(97,073)</u>
Add/(less) items classified as other activities		
(Receipt)/payment of withholding tax	(4,614)	(27,802)
(Receipt)/payment of subvention payment	-	(131,102)
Net loss/(gain) on disposal of property, plant and equipment	<u>(78,839)</u>	<u>36,360</u>
	(83,453)	(122,544)
Add/(less) items movements in statement of financial position items		
Debtors and other receivables	(575,065)	412,127
Inventories	210,471	78,938
Prepayments	8,300	11,217
Creditors and other payables	<u>(223,761)</u>	<u>(466,414)</u>
	(580,055)	35,868
Net cash flow from operating activities	<u>(131,772)</u>	<u>815,554</u>

10. 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 67% (2013: 56.6%) of the Company's revenue. However, Wellington Regional Council is considered, by the directors, to be a high credit quality entity.

Funds are only invested on deposit with registered banks that have satisfactory credit ratings.

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

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 2013.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Company has no exposure to this.

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 AUS\$ 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.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has no exposure to this.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Company has no material exposure to this.

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:

	2014	2013
	\$	\$
Cash and cash equivalents	458,214	2,384,052
Short term deposits	278,368	270,698
Trade receivables	1,976,889	1,394,371
Other receivables	8,814	18,389
Total Financial assets	<u>2,722,285</u>	<u>4,067,510</u>

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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

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

	2014	2013
	\$	\$
Not past due	1,792,732	1,338,681
Past due 0-6 months	-	2,030
Past due 7-12 months	-	72,049
Past due more than 12 months	192,971	-
Total Trade and other receivables	<u>1,985,703</u>	<u>1,412,760</u>

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

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.

Sensitivity Analysis

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations of the Company's earnings.

11. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Trade receivables	1,972,956	1,667,694
Related party receivables	3,933	17,866
Less: Provision for impairment of trade receivables	-	(291,189)
Net trade receivables	<u>1,976,889</u>	<u>1,394,371</u>
Sundry receivables	<u>8,814</u>	<u>18,389</u>
	<u>1,985,703</u>	<u>1,412,760</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.

12. TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Trade payables	647,220	603,497
Sundry payables	715,595	971,453
Related party payables	117	2,178
	<u>1,362,932</u>	<u>1,577,128</u>

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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

13. INCOME TAX EXPENSE

	2014	2013
	\$	\$
Current year	10,885	27,801
Adjustments to current tax in prior periods	(1)	18,662
Deferred tax	<u>107,557</u>	<u>(202,456)</u>
	<u>118,441</u>	<u>(155,993)</u>

Reconciliation of effective tax rate:	%	2014	%	2013
		\$		\$
Surplus for the period excluding income tax		<u>326,501</u>		<u>229,390</u>
Prima facie income tax based on domestic tax rate	28%	91,420	28%	64,230
Effect of non-deductible expenses	254%	1,417,779	463%	1,061,166
Effect of tax exempt income	(264%)	(1,473,441)	(466%)	(1,067,959)
Prior period adjustment	2%	12,024	8%	17,789
Effect of group loss offset	0%	0	(96%)	(220,559)
Deferred tax adjustment	13%	70,659	(5%)	(10,660)
	33%	<u>118,441</u>	(68%)	<u>(155,993)</u>

The Company's tax liability for 2013 was reduced by losses transferred from WCC by loss offset of \$536k and subvention payment of \$208k. It is expected that the tax liability for the 2014 year will also be offset by tax losses from / subvention payment to WCC however no amount has been provided for this.

	2014	2013
	\$	\$
Imputation credits available for use in subsequent periods	62,026	46,528

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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

14. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets/(liabilities):

	Property, plant & equipment \$	Provisions \$	Total \$
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)
Charged to income	178,983	23,473	202,456
Charged to other comprehensive income	68,444	-	68,444
Balance, 30 June 2013	(631,623)	172,091	(459,532)
Charged to income	(8,672)	(98,885)	(107,557)
Charged to other comprehensive income	-	-	-
Balance, 30 June 2014	(640,295)	73,206	(567,089)

15. PROPERTY, PLANT & EQUIPMENT

	2014 \$	2013 \$
Cable Car and equipment		
Cost		
Opening balance	3,385,349	3,408,306
Additions	1,956,141	4,220
Disposals	-	(27,177)
Closing balance	5,341,490	3,385,349
Accumulated depreciation		
Opening balance	1,225,554	1,146,036
Current year depreciation	102,031	81,815
Disposals	-	(2,297)
Closing balance	1,327,585	1,225,554
Carrying amount	4,013,905	2,159,795
Cable car tracks and wires		
Cost		
Opening balance	1,363,778	1,379,291
Disposals	-	(15,513)
Closing balance	1,363,778	1,363,778
Accumulated depreciation		
Opening balance	381,859	358,616
Current year depreciation	27,276	27,276
Disposals	-	(4,033)

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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

	2014	2013
	\$	\$
Closing balance	<u>409,135</u>	<u>381,859</u>
Carrying amount	<u>954,643</u>	<u>981,919</u>
Trolley bus overhead		
Cost/Valuation		
Opening balance	692,000	1,616,895
Revaluation	<u>(230,667)</u>	<u>(924,895)</u>
Closing balance	<u>461,333</u>	<u>692,000</u>
Accumulated depreciation		
Opening balance		63,375
Current year depreciation	17,300	60,009
Elimination of depreciation on revaluation	<u>(17,300)</u>	<u>(123,384)</u>
Carrying amount	<u>461,333</u>	<u>692,000</u>
Wire system equipment		
Cost		
Opening balance	<u>79,506</u>	<u>79,506</u>
Closing balance	<u>79,506</u>	<u>79,506</u>
Accumulated depreciation		
Opening balance	39,779	32,400
Current year depreciation	<u>7,803</u>	<u>7,379</u>
Closing balance	<u>47,582</u>	<u>39,779</u>
Carrying amount	<u>31,924</u>	<u>39,727</u>
Motor vehicles		
Cost		
Opening balance	287,913	287,913
Additions	931,612	-
Disposals	<u>185,094</u>	<u>-</u>
Closing balance	<u>1,034,431</u>	<u>287,913</u>
Accumulated depreciation		
Opening balance	285,940	283,311
Current year depreciation	85,416	2,629
Disposals	<u>(185,094)</u>	<u>-</u>
Closing balance	<u>186,262</u>	<u>285,940</u>
Carrying amount	<u>848,169</u>	<u>1,973</u>

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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

	2014 \$	2013 \$
Furniture		
Cost		
Opening balance	61,238	46,751
Additions	-	14,487
Closing balance	<u>61,238</u>	<u>61,238</u>
Accumulated depreciation		
Opening balance	35,096	32,511
Current year depreciation	5,928	2,585
Closing balance	<u>41,024</u>	<u>35,096</u>
Carrying amount	<u>20,214</u>	<u>26,142</u>
Computer equipment		
Cost		
Opening balance	253,564	248,072
Additions	6,476	5,492
Disposals	3,789	-
Closing balance	<u>256,251</u>	<u>253,564</u>
Accumulated depreciation		
Opening balance	228,717	223,744
Current year depreciation	11,021	4,973
Disposals	(2,849)	-
Closing balance	<u>236,889</u>	<u>228,717</u>
Carrying amount	<u>19,362</u>	<u>24,847</u>
Work-In-Progress		
Cost		
Opening balance	1,047,277	693,336
Additions	79,000	353,941
Transfers	1,042,430	-
Closing balance	<u>83,846</u>	<u>1,047,277</u>
Accumulated depreciation		
Opening balance	-	-
Current year depreciation	-	-
Closing balance	<u>-</u>	<u>-</u>
Carrying amount	<u>83,846</u>	<u>1,047,277</u>

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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2014

	2014	2013
	\$	\$
Total Property, Plant & Equipment		
Cost		
Opening balance	7,170,625	7,760,070
Additions	2,973,228	378,140
Disposals	(1,231,313)	(42,690)
Revaluation	(230,667)	(924,895)
Closing balance	<u>8,681,873</u>	<u>7,170,625</u>
Accumulated depreciation		
Opening balance	2,196,945	2,139,993
Current year depreciation	256,775	186,666
Elimination of depreciation on revaluation	(17,300)	(123,384)
Disposals	(187,943)	(6,330)
Closing balance	<u>2,248,477</u>	<u>2,196,945</u>
Carrying amount	<u>6,433,396</u>	<u>4,973,680</u>

16. INTANGIBLES

	2014	2013
	\$	\$
Cost		
Opening balance	122,079	122,079
Acquired by direct purchase	5,782	-
Closing balance	<u>127,861</u>	<u>122,079</u>
Accumulated amortisation		
Opening balance	99,190	73,009
Current year amortisation	22,797	26,181
Closing balance	<u>121,987</u>	<u>99,190</u>
Carrying amount	<u>5,874</u>	<u>22,889</u>

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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2014

17. 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.

	2014 \$	2013 \$
Leases outstanding at balance date:		
Telecom Rentals	6,863	9,973
Total	<u>6,863</u>	<u>9,973</u>
Repayable as follows:		
Less than one year	3,675	3,110
	<u>3,675</u>	<u>3,110</u>
One to five years	3,188	6,863
	<u>3,188</u>	<u>6,863</u>
Total	<u>6,863</u>	<u>9,973</u>

18. OPERATING LEASE COMMITMENTS

	2014 \$	2013 \$
Non-cancellable operating lease commitments:		
<u>Land and Buildings</u>		
Not later than 1 year	78,880	91,547
Later than 1 and not later than 2 years	48,956	122,389
Later than 2 and not later than 5 years	-	-
	<u>127,836</u>	<u>213,936</u>
<u>Plant and equipment</u>		
Not later than 1 year	3,859	1,981
Later than 1 and not later than 2 years	6,753	-
Later than 2 and not later than 5 years	-	-
	<u>10,612</u>	<u>1,981</u>
	<u>138,448</u>	<u>215,917</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 2014

19. OPERATING COMMITMENTS

	2014	2013
	\$	\$
Contractor		
Not later than 1 year	2,700,000	2,847,771
Later than 1 and not later than 2 years	2,700,000	-
Later than 2 and not later than 5 years	2,700,000	-
	<u>8,100,000</u>	<u>2,847,771</u>

20. BORROWINGS

Short term bank facilities

\$0 (2013: \$0) 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 (2013: \$0).

Bank overdraft

The Company's bank overdraft facility totals \$50,000. The current interest rate on the facility is 11.65% (2013: 11.90%). The actual overdraft facility was un-drawn as at 30 June 2014 (2013: un-drawn).

21. SHAREHOLDERS' EQUITY

Capital

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

	2014	2013
	\$	\$
7,434,746 fully paid Ordinary Shares	7,434,846	7,434,846
Total Issued and Paid up Capital	<u>7,434,846</u>	<u>7,434,846</u>

Retained Earnings

	2014	2013
	\$	\$
Retained Earnings opening balance	188,278	28,377
Net Profit after tax	(475)	254,281
Available for appropriation	187,803	282,658
Dividends paid or provided for	-	94,380
Retained Earnings Closing Balance	<u>187,803</u>	<u>188,278</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 2014

Reserves

Unrealised Capital Reserves

	2014	2013
	\$	\$
Revaluation Reserve		
<u>Traction Network</u>		
Opening balance for the year	-	176,000
Revaluation Reserve - Net Gain/(Reduction)	-	(244,444)
Tax on Equity Items	-	68,444
Closing balance for the year	-	-
Total Reserves	-	-

22. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events occurred after the balance date.

23. STATUTORY DEADLINE

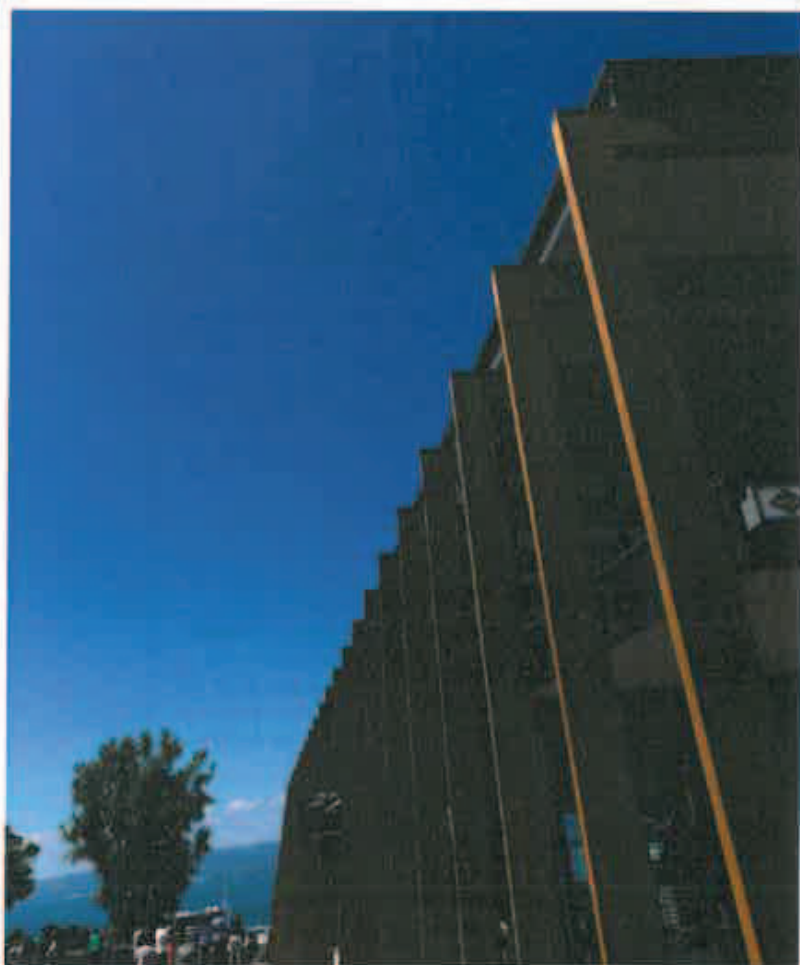
Section 67 of the Local Government Act 2002 requires delivery to shareholders and available to the public within three months of balance date. The Company has not complied with this requirement.

*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 Service Performance
For the Year Ended 30th June 2014



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Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2014

Wellington Cable Car Limited
Statement of Service Performance - Performance Targets and Other Measures for
the year ended 30 June 2014

Cable Car Service Performance Measures

Performance Indicator	Measure	Target/Result	Actual
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>Achieved.</i>
Cable Car service reliability	Percentage reliability	Greater than 99%	<i>Result 98.96% The reason for not achieving target is due to required downtime as part of the construction of the new Kelburn Terminus. Post completion of this, the targets have been 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>Qualmark endorsement applied for and achieved in 2014.</i>

Trolley Bus Overhead Network Performance Measures

Performance Indicator	Measure	Target/Result	Actual
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 2014/15 prepared by 31 August 2013.	<i>Draft completed however agreed with GWRC to amend final AMP date to 31 July 2014 which was achieved.</i>
Trolley Bus Network Poles identified in AMP 2013/14 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme	<i>The pole replacement programme for 2013/2014 was modified to 85 planned pole replacements. 55 poles from this programme were commenced but not completed due to third party work still being required.</i>

Wellington Cable Car Limited

Statement of Service Performance

For the Year Ended 30 June 2014

Performance Indicator	Measure	Target/Result	Actual
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 2014, and continue with current contracts.	<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 all have contracts concluded due to unresolved differences in interpretation of legislation however discussions have been had to enter into contracts even at a nil value to ensure safety areas are covered.</i>
GWRC funding agreement being complied with.	Number of breaches of agreement	Nil breaches by WCCL	<i>Any breaches have been from a reporting perspective and agreed with GWRC. No penalties have been incurred.</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 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 approved and signed off by Directors at the following Board meeting.</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 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>

Wellington Cable Car Limited

Statement of Service Performance

For the Year Ended 30 June 2014

Cable Car Patronage

Trips Paid for by Multi-Trip Concession Ticket

2013/14	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	76,157	43,199	67,057	66,031	252,444
Actual Passenger Trips	57,190	45,580	60,750	52,330	215,850

Trips Paid by Cash (Single or Return)

2013/14	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	142,191	202,299	256,190	135,043	735,723
Actual Passenger Trips	114,877	205,409	283,179	137,100	740,565

All Passenger Trips

2013/14	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	224,100	292,300	352,000	216,000	1,084,400
Actual Passenger Trips	172,280	251,893	343,814	189,496	957,483

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	52%
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	92%

Independent auditor's report

To the readers of Wellington Cable Car Limited's financial statements and statement of service performance for the year ended 30 June 2014

The Auditor-General is the auditor of Wellington Cable Car Limited (the company). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Council on her behalf.

We have audited:

- the financial statements of the Council on pages 7 to 32, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the council on pages 33 to 35.

Opinion

Financial statements and statement of service performance

In our opinion:

- the financial statements of the company on pages 7 to 32:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the company's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Council on pages 33 to 35:
 - complies with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 19 December 2014. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of the company's service performance achievements.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

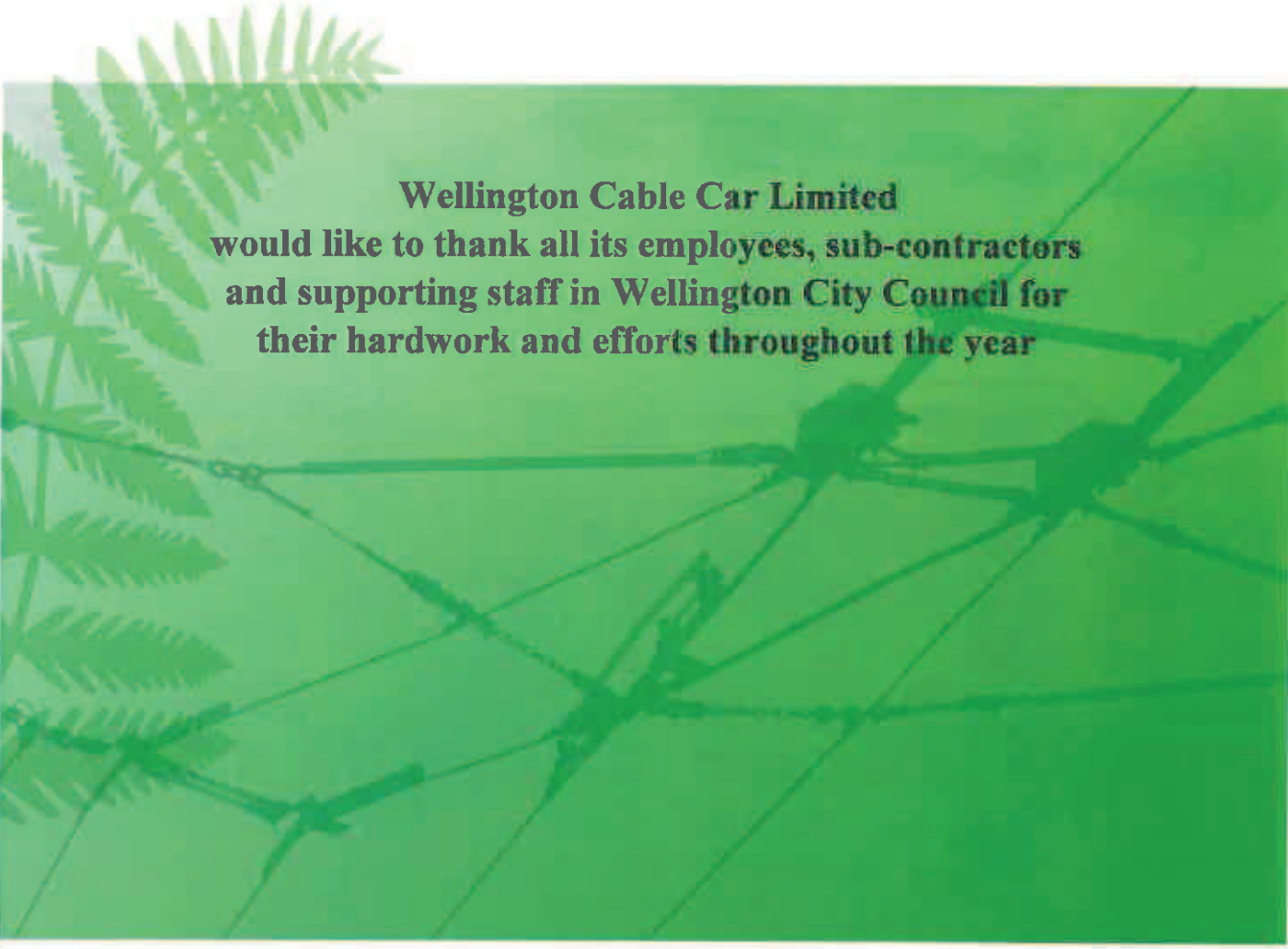
Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

The background of the text area is a solid green rectangle. To the left of the rectangle, there are faint, light green silhouettes of fern fronds. Overlaid on the green rectangle are several thin, dark green lines that represent cable car cables, crisscrossing diagonally and horizontally.

**Wellington Cable Car Limited
would like to thank all its employees, sub-contractors
and supporting staff in Wellington City Council for
their hardwork and efforts throughout the year**



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