

PORT INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

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**PORT INVESTMENTS LTD
DIRECTORY**

Directors

S A Macaskill
A E McQueen
A M Lawson
J W Rowe
Hon M K Shields

Secretary

E P Maguire

Registered Office

142- 146 Wakefield Street
Wellington

Auditors

Audit New Zealand
on behalf of the Controller and Auditor-General

Solicitors

Chapman Tripp Sheffield Young

Bankers

The National Bank of New Zealand Limited

**PORT INVESTMENTS LIMITED
DIRECTORS' REPORT**

The Directors have pleasure in submitting their 2000 Annual Report and Financial Statements.

Principal Activities

Port Investments Ltd is an investment vehicle of the Wellington Regional Council. The object of the company is to effectively manage any investments held, in order to maximise the commercial value to shareholders, while protecting the shareholder's long term interests.

76.9% of CentrePort Limited (Previously named Port Wellington Limited) was purchased by Port Investments Limited from the Wellington Regional Council on 28 October 1998.

Results and Distributions	2000 \$000	1999 \$000
Net surplus (deficit) after tax for the financial year	1,705	7,591
Dividend distribution	<u>1,700</u>	<u>6,000</u>

Disclosure of Interests by Directors

S A Macaskill
Chairman of the Wellington Regional Council

A E McQueen
Councillor of the Wellington Regional Council

A M Lawson
None

J W Rowe
None

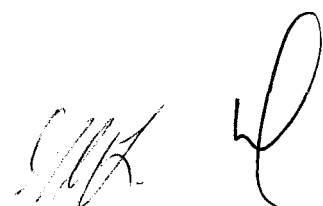
Hon M K Shields
Deputy Chair of the Wellington Regional Council

Directors' Interest Register

Directors have had no interest in any transaction or proposed transaction of the company.

Directors' Use of Company Information

There were no notices from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.



Directors' Indemnity and Insurance

The company's parent company, WRC Holdings Limited, has arranged insurance to indemnify the Directors against any liability resulting from any act or omission in their capacity as Directors.

Directors' Remuneration

Details of Directors' remuneration are as follows:

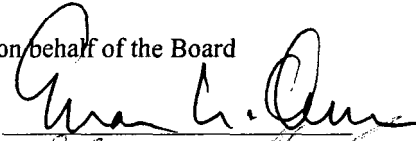
S A Macaskill	Nil
A E McQueen	Nil
A M Lawson	\$3,125
J W Rowe	\$3,125
Hon M K Shields	Nil

Auditor

The Audit Office continues in office in accordance with Section 594 of the Local Government Act 1974. The Controller and Auditor-General has appointed E M Mason of Audit NZ to undertake the audit.

For and on behalf of the Board

Director



Date: 28/9/2000

Director



Date: 28/9/2000

PORT INVESTMENTS LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2000

	2000	1999
Note	\$000	\$000
REVENUE		
Interest income	129	32
Convertible note interest		313
Dividends	<u>3,346</u>	8,190
TOTAL REVENUE	<u>3,475</u>	<u>8,535</u>
OPERATING EXPENSES		
Audit fees	8 3	7
Interest on WRC Holdings Limited advance	2,487	1,199
Legal fees	5	
Management fees	20	4
Professional fees	48	23
Directors fees	4 6	
Other expenses	-	-
TOTAL EXPENSES	<u>2,569</u>	<u>1,233</u>
NET OPERATING SURPLUS (DEFICIT)	906	7,302
Taxation expense (credit)	5 (799)	(289)
NET SURPLUS (DEFICIT) FOR THE YEAR	<u><u>1,705</u></u>	<u><u>7,591</u></u>

PORT INVESTMENTS LTD
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2000

	2000	1999
	\$000	\$000
EQUITY AT START OF THE YEAR	1,564	(27)
Net Surplus (deficit) for the year	1,705	7,591
Total recognised revenues and expenses for the year	<u>1,705</u>	<u>7,591</u>
Distributions to owners during the period	<u>(1,700)</u>	<u>(6,000)</u>
EQUITY AT END OF THE YEAR	<u><u>1,569</u></u>	<u><u>1,564</u></u>

The accompanying notes and accounting policies form part of these financial statements.

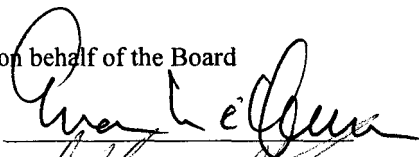
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PORT INVESTMENTS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2000

	2000	1999
Note	\$000	\$000
EQUITY		
Ordinary share capital	2	
Retained earnings	1,569	1,564
TOTAL EQUITY	1,569	1,564
Represented by:		
NON-CURRENT ASSETS		
Investment in subsidiaries	3	44,000
TOTAL NON-CURRENT ASSETS		44,000
CURRENT ASSETS		
Bank & short term deposits		
Subvention receivable	5	12
Dividends receivable		154
Current account - Wellington Regional Council	4	3,520
TOTAL CURRENT ASSETS		3,687
TOTAL ASSETS		47,687
NON-CURRENT LIABILITIES		
Advance from WRC Holdings Limited	4	44,000
TOTAL NON-CURRENT LIABILITIES		44,000
CURRENT LIABILITIES		
Creditors		418
Dividends payable		1,700
TOTAL CURRENT LIABILITIES		2,118
TOTAL LIABILITIES		46,118
 NET ASSETS		 1,569

For and on behalf of the Board

Director



Date: 28/9/2000

Director



Date: 28/9/2000

The accompanying notes and accounting policies form part of these financial statements.

PORT INVESTMENTS LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2000

	2000	1999
	\$000	\$000
<i>Note</i>		
Cash flows from operating activities:		
Cash was provided from:		
Dividends received	4,459	6,923
Interest received		313
Subvention advance received	787	319
Cash was applied to:		
Interest paid	(2,326)	(952)
Net cash flow from operating activities	6 <u>2,920</u>	<u>6,603</u>
Cash flows from investing activities:		
Cash was applied to:		
investments in shares in subsidiaries	(3,200)	(40,800)
Net cash flow from investing activities	<u>(3,200)</u>	<u>(40,800)</u>
Cash flows from financing activities :		
Cash was provided from:		
Advances from WRC Holdings Limited	3,200	40,800
Movement in current account -Wellington Regional Council	3,080	
Cash was applied to:		
Dividend Paid to WRC Holdings Limited	(6,000)	
Movement in current account -Wellington Regional Council		(6,602)
Net cash flow from financing activities	<u>280</u>	<u>34,198</u>
Net increase (decrease) in cash held	<u>-</u>	<u>1</u>
Add opening cash brought forward	1	
Closing cash carried forward	<u>1</u>	<u>1</u>

The accompanying notes and accounting policies form part of these financial statements.




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PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Port Investments Limited is registered under the Companies Act 1993 and is a wholly owned subsidiary of WRC Holdings Limited, which in turn is a wholly owned subsidiary of the Wellington Regional Council.

The company is a Local Authority Trading Enterprise as defined in S594 of the Local Government Act 1974. The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 1974.

MEASUREMENT BASE

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the company.

ACCOUNTING POLICIES

The following accounting policies which materially affect the financial statements have been applied.

(a) Income Tax

The income tax expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible costs.

Deferred taxation is accounted for using the liability method on a comprehensive basis in respect of those timing differences expected to reverse in the foreseeable future. A deferred tax benefit relating to tax losses is only recognised if there is virtual certainty of realisation.

(b) Goods & 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 then it is recognised as part of the related asset or expense.

(c) Investments

Investments in subsidiaries are valued at the lower of cost or net realisable value.

(d) Financial Instruments

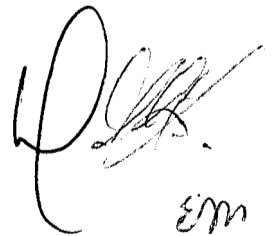
The company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors and are detailed in the Statement of Financial Position. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(e) Revenue Recognition

Interest income and dividend income are recognised on an accrual basis.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last audited financial statements, All policies have been applied on a basis consistent with prior years.



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PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

2. SHARE CAPITAL	2000	1999
	\$000	\$000

Authorised and issued capital

10,000, 100 ordinary shares of \$1 each issued but uncalled.

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3. INVESTMENT IN SUBSIDIARIES	2000	1999
	\$000	\$000

CentrePort Limited

44,000	40,800
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The estimated value of the company's 76.9% holding in CentrePort Ltd at 30 June 1999 was \$48 million.

4. RELATED PARTY DISCLOSURES

The company pays a management fee to the Wellington Regional Council for administrative and management services, meeting expenses and travel reimbursement.

At 30 June 2000 the company has on advance to the Wellington Regional Council \$3.52m on which interest is payable. The interest rate charged on the facility as at 30 June 2000 was 6.69% p.a. The advance has no fixed repayment term.

The company has an unsecured advance facility of \$44m with its parent WRC Holdings Limited. The facility matures on 28 Oct 2018. The interest rate charged on the facility as at 30 June 2000 was 7.21% p.a. (5.04% 30 June 1999)

During the year the company has received dividends and subvention advances from its subsidiary, CentrePort Limited.

Directors Fees:

S A Macaskill receives a salary from the Wellington Regional Council. A E McQueen and M K Shields are entitled to a daily allowance of \$185 for attending WRC Holdings Group meetings on those days where they are not receiving an allowance for attendance at a Wellington Regional Council meeting. A M Lawson and J W Rowe each received directors fees of \$3,125 during the year.

PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

5, TAXATION

	2000	1999
	\$000	\$000
Net surplus (deficit) before taxation	<u>906</u>	<u>7,302</u>
Prima facie tax expense @ 33%	299	2,410
Adjusted for permanent differences		
Non-deductible expenditure	6	5
Non assessable income	(51)	(418)
1998 tax loss recognised	-	(1)
Imputation credits	<u>(1,053)</u>	<u>(2,285)</u>
Taxation expense / (credit)	<u>(799)</u>	<u>(289)</u>

This taxation expense is represented by:

Current year taxation	(799)	(289)
Future taxation benefit		

On 22 September 1998 the company and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the company will receive a subvention payment from CentrePort Limited equivalent to 33% of its available losses with the balance of losses offset with CentrePort Limited. The tax credit for the period represents the amount due from CentrePort Limited for the current year losses. At 30 June 2000 CentrePort Limited had advanced \$787,000 on account of the subvention payment, leaving \$12,000 payable by CentrePort Limited to the Company.

The company has obtained a legally binding Private Ruling from the Inland Revenue that confirms the deductibility of interest payments made on the company's loan from WRC Holdings Limited.

Imputation Credit Account

	2000	1999
	\$000	\$000
Opening balance	3,410	
Dividends Received	2,196	3,410
Dividends Paid	<u>(2,955)</u>	
Closing balance	<u>2,651</u>	<u>3,410</u>

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PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

**6, RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO
NET SURPLUS (DEFICIT) AFTER TAX**

	2000	1999
	\$000	\$000
Net surplus (deficit) after taxation	1,705	7,591
Add (less) movement in working capital:		
(Increase) decrease in debtors	1,101	(1,267)
Increase (decrease) in creditors	(4,136)	6,254
(Increase) decrease in current account - WRC	3,030	(6,577)
Add (less) items classified as financing activities:		
Increase in WRC current account relating to financing activities	1,220	602
Net cash flow from operating activities	2,920	6,603

7. KEY PERFORMANCE TARGETS - Statement of Corporate Intent

Key performance targets are set for the WRC Holdings Limited Group as a whole and are reported on in the WRC Holdings Limited Annual Report and Financial Statements.

8. AUDITORS' REMUNERATION

	2000	1999
	\$000	\$000
Fees to auditors for audit of financial statements	3	7
Fees to auditors for other services		
	<u>3</u>	<u>7</u>

9. CONTINGENT LIABILITIES & ASSETS

The contingent liabilities and assets of the company at 30 June 2000 were nil (30 June 1999: nil)

10. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided was nil (30 June 1999: nil)

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Audit New Zealand

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF PORT INVESTMENT LIMITED FOR THE YEAR ENDED 30 JUNE 2000

We have audited the financial statements on pages 5 to 11. The financial statements provide information about the past financial performance of Port Investment Limited and its financial position as at 30 June 2000. This information is stated in accordance with the accounting policies set out on page 8.

Responsibilities of the Board of Directors

The Local Government Act 1974 and the Financial Reporting Act 1993 require the Board of Directors (the Board) to prepare financial statements which comply with generally accepted accounting practice and give a true and fair view of the financial position of Port Investment Limited as at 30 June 2000 and the results of its operations and cash flows for the year ended 30 June 2000.

Auditor's responsibilities

Section 594ZC of the Local Government Act 1974 requires the Audit Office to audit the financial statements presented by the Board. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed E M Mason, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Board in the preparation of the financial statements and performance information *and*
- ▲ whether the accounting policies are appropriate to Port Investment Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Port Investment Limited.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- ▲ proper accounting records have been kept by Port Investment Limited as far as appears from our examination of those records *and*
- ▲ the financial statements of Port Investment Limited on pages 5 to 11:
 - comply with generally accepted accounting practice *and*
 - give a true and fair view of:
 - the financial position as at 30 June 2000 *and*
 - the results of its operations and cash flows for the year ended on that date *and*

Our audit was completed on 28 September 2000 and our unqualified opinion is expressed as at that date.



E M Mason
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand