WRC HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Contents

WRC HOLDINGS LIMITED
DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2011

Directors

	Appointed	Retired
P M Lamason (Chair)	23 November 2010	
F H Wilde (Deputy)	14 November 2007	
A Blackburn	1 May 2002	30 June 2011
P Blades	1 May 2005	
P E Glensor	14 November 2007	
N Wilson	23 November 2010	
M McKenna	13 July 2011	
I M Buchanan	1 January 2005	18 November 2010
J B Burke	14 November 2007	23 November 2010

Registered Office

142-146 Wakefield Street
Wellington

Auditors

Karen Young
Audit New Zealand
on behalf of the Auditor-General

Solicitors

Chapman Tripp

Bankers

ANZ National Bank Ltd

WRC HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

The Directors have pleasure in submitting their Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries (the Group) for the year ended 30 June 2011.

Principal Activities

WRC Holdings Ltd (the Company) is the investment holding company of Greater Wellington Regional Council (Greater Wellington). The Group consists of WRC Holdings Ltd, its wholly owned subsidiary companies, Port Investments Ltd, Pringle House Ltd, Greater Wellington Rail Ltd, Greater Wellington Transport Ltd, Greater Wellington Infrastructure Ltd and is a 76.9% owner of CentrePort Ltd.

The Group's primary objectives and activities are:

Support the Greater Wellington's strategic vision, operate as a successful, sustainable and responsible business.

Own Greater Wellington's interest in CentrePort Ltd , to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment, including land and property, while maintaining the CentrePort's strategic value to the economy of the region.

CentrePort owns and operates the port of Wellington and related facilities at Seaview and Miramar. It also owns and operates a number of commercial properties.
Current tenants include Statistics New Zealand, New Zealand Customs, Telstra Clear, NZ Rugby Union, and the Bank of New Zealand.

Own Greater Wellington's current and future investments in rail rolling stock and rail infrastructure.
Greater Wellington Rail Ltd currently owns rail rolling stock to the value of $152 million and station infrastructure to the value of $42 million
A contract was entered into with Rotem Mitsui for the supply of 96 Matangi electric multiple units (EMUs). Ten of these are in revenue service at balance date.
On 30 June 2011 Greater Wellington Rail limited took over the ownership of the Ganz Mavag and English Electric locomotives from KiwiRail along with a number of Rail stations supporting the metropolitan rail network.

The financial objectives of the Group shall be to:

Where possible, provide a commercial return to shareholders.

Adopt policies that prudently manage risk and protect the investment of shareholders.

The environmental objectives of the Group shall be to:

Operate in an environmentally responsible and sustainable manner.

Minimise the impact of any of the Group's activities on the environment.

Raise awareness of environmental issues within the Group.

Ensure CentrePort and Pringle House become more energy efficient and make greater use of renewable energy.

The social objectives of the Group shall be to:

Provide a safe and healthy workplace.

Participate in development, cultural and community activities within the regions in which the Group operates.

Help sustain the economy of the region.

The WRC Holdings Group met all its objectives as set out in the 2010/11 SOI and Greater Wellington's 2009-2019 Long-Term Council Community Plan (LTCCP).

The nature and scope of activities undertaken by the group are consistent with those set in the 2010/11 Statement of Intent and Greater Wellington's LTCCP.

WRC HOLDINGS LIMITED
FINANCIAL & NON PERFORMANCE TARGETS
FOR THE YEAR ENDED 30 JUNE 2011

Statement of Service Performance

FINANCIAL PERFORMANCE TARGETS

Financial Results Compared with Statement of Intent (SOI) Targets:

WRC Holdings - Group	Actual 2011 $000	Target 2011 $000	Actual 2010 $000
Net surplus before tax	50,277	11,471	12,846
Net surplus after tax	48,757	6,983	10,212
Earning before Interest tax, and depreciation (EBITD)	73,397	37,327	41,535
Return on total assets	11.63%	4.81%	3.79%
Return on shareholder's equity: excluding any increase/decrease in the value of investment property	21.76%	3.09%	11.02%
Shareholders equity to total assets	39.58%	23.90%	38.08%
Dividends	1,204	940	1,196
WRC Holdings - Parent			
Dividend Distribution	1,204	940	1,195
Dividend Distribution %	100%	100%	100%
Return on equity (1)	0.40%	2.70%	-14.35%
Return on assets (2)	3.16%	4.10%	-0.32%

(1) based on net surplus before tax divided by average equity, but excluding revaluation gains and losses
(2) based on earnings before interest and tax divided by average assets

Net surplus before tax
The Group posted a net surplus before tax, before any increases/decrease in the value of investment property and land, of $50.2 million (2010:$12.8 million) compared to a budget $11.5million for the year. The major reason for the significant increase was do to the write up of assets taken over from KiwiRail for nominal consideration of $1.

Net surplus after tax (before deduction of minority interest)
The net surplus after tax was $48.8 million (2010: $10.2 million). This was before any valuation or fair value movements which were $10m downward (2010: $1 million downward)

Earning before tax and depreciation (EBITD)
EBITD was $73.4 million (2010 $41.5 million) compared to a budget of $37.3 million. Improvement driven by better performance from CentrePort and Rail assets from KiwiRail..

Return on total assets
This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets.

Return on shareholder equity
This target is calculated as net surplus after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). The measure is shown both before and after any increase in the value of investment properties.

Dividends paid (or payable to the shareholders)
Dividend from the Group is $1.204 million (2010: $1.195 million).

ENVIRONMENT PERFORMANCE TARGETS

Planned Target
Operate in an environmentally and sustainable manner.
Minimise the impact of any of the Group's activities on the environment.
Raise awareness of environmental issues within the Group.
Ensure Pringle House Limited operates in an energy efficient manner.

Actual Performance
The Group has complied with all of its resource consents.
WRC Holdings via Greater Wellington operates in a sustainable environmental manner, by minimising on environmental impacts, and raising awareness within the Group. These include but not limited to such activities as choosing vehicles with the lowest environmental impact, and supporting public transport usage.
Pringle House underwent an environment audit in March 2008. A number of initiatives have recently been undertaken to increase energy efficiency. These include progressive replacement of halogen light fittings with low wattage equivalents. Upgrade of the main chiller last financial year and a regular monitoring of energy usage by the property managers. Three energy efficiency proposals were received during the year for Pringle House but the economics of the proposed were not justifiable to warrant proceeding.

SOCIAL PERFORMANCE TARGETS

Planned Target - WRC Holdings
To provide a safe and health workplace
To help sustain the economy of the region
To participation in development, cultural and community activities within the region in which the Group operates.

Actual Performance
WRC Holdings through Greater Wellington provides a safe and health working place and is supported with the development of regional cultural and community activities.
WRC Holdings through Greater Wellington's Economic Development Agency (Grow Wellington) assists with regional economic sustainability.
WRC Holdings via CentrePort to participate in development of the cultural and community activities within the region

WRC HOLDINGS LIMITED
OTHER PERFORMANCE TARGETS
FOR THE YEAR ENDED 30 JUNE 2011

OTHER PERFORMANCE TARGETS - WRC Holdings Limited

Planned
WRC Holdings to act as a responsible and inquiring shareholder and to meet at least six times a year to review the operation and financial position of the company.

Actual
WRC Holdings and the Group of companies met more than 6 times a year to review each companies performance and monitor performance of the companies.
The Group's non-financial performance criteria contained in the statement of intent for the 2010/11 year, and results are summarised.

Performance targets for CentrePort are contained in the financial statements of PIL Group.

Directors Information

Directors holding office during the year were:

Parent and 100% owned subsidiaries
P M Lamason (Chair)
F H Wilde (Deputy)
A Blackburn
P Blades
P E Glensor
N Wilson

Remuneration of Directors of the Parent Company
Details of Directors' remuneration are as follows:

	$
P M Lamason (Chair)	2,936
F H Wilde (Deputy)	Nil
A Blackburn	3,750
P Blades	3,750
P E Glensor	Nil
N Wilson	Nil

WRC HOLDINGS LIMITED
STATUTORY REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2011

Entries in the Interests Register
Disclosure of interests by Directors for the year ended 30 June 2011:

P M Lamason (Chair)
Councillor of Greater Wellington Regional Council & Shareholder of Filter Services Limited

F H Wilde (Deputy)
Councillor & Chair of Greater Wellington Regional Council

A Blackburn
None

P Blades
None

I M Buchanan
Past Chair and current Councillor of Greater Wellington Regional Council

J B Burke
Councillor of Greater Wellington Regional Council

P E Glensor
Councillor of Greater Wellington Regional Council

Directors' Interest Register

Directors have had no interest in any transaction or proposed transaction with the Group.

Directors' Insurance

The Company has arranged Directors' and Officers' Liability insurance cover to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees respectively, provided they operate within the law. This disclosure is made in terms of section 162 of the Companies Act 1993.

Directors' Use of Company Information

The board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Remuneration of Employees
WRC Holdings limited has no employees. The Group comprising CentrePort Limited and its subsidiaries who received remuneration and other benefits in excess of $100,000 is tabulated below:

	Number of current employees
$100,001 - $110,000	9
$110,001 - $120,000	1
$120,001 - $130,000	3
$130,001 - $140,000	3
$140,001 - $150,000	4
$150,001 - $160,000	7
$160,001 - $170,000	3
$170,001 - $180,000	1
$180,001 - $190,000	1
$190,001 - $200,000	1
$210,001 - $220,000	1
$270,001 - $280,000	1
$350,001 - $360,000	2
$530,001 - $540,000	1

Auditor
The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Karen Young of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director ______________________ October 20, 2011

Director ______________________ October 20, 2011

WRC HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
INCOME					
Operating Income *		198,248	80,078	3,271	3,232
Share of associate profit accounted for using the equity method		574	758	-	-
TOTAL INCOME	2	198,822	80,836	3,271	3,232
CHANGES IN FAIR VALUES OF ASSETS & FINANCIAL INSTRUMENTS					
Increase (Decrease) in the value of Developed Investment Property - Pringle House Ltd	2	(1,523)	(1,702)		
Increase (Decrease) in the value of Developed Investment Property - CentrePort Limited	2	(4,735)	(294)	-	-
Net change in value of Land available for Development	2	29	1,692		
Changes in Financial Instrument Fair Value	2	(4,101)	(7,691)	(655)	(794)
EXPENDITURE					
Operating Expenses	2	(51,401)	(48,871)	(1,245)	(3,423)
Impairment of Assets	9	-	-	-	-
SURPLUS BEFORE INTEREST AND INCOME TAXATION		137,091	23,970	1,371	(985)
Net Interest	2	(13,727)	(10,415)	(1,952)	(1,840)
SURPLUS BEFORE INCOME TAXATION AND SUBVENTION PAYMENT	2	123,364	13,555	(581)	(2,825)
Subvention payments	10	(908)	(1,020)	-	-
Income Taxation *	10	(33,603)	(3,091)	-	-
NET SURPLUS FROM CONTINUING OPERATIONS		88,853	9,444	(581)	(2,825)
Profit for the Year from Discontinued Operations		-	-	-	-
NET SURPLUS / (DEFICIT) FOR THE YEAR		88,853	9,444	(581)	(2,825)
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income	9	-	12,080	-	-
TOTAL COMPREHENSIVE INCOME BEFORE MINORITY INTEREST		88,853	21,524	(581)	(2,825)
Share of surplus attributable to minority interest	4	(1,377)	(4,295)	-	-
TOTAL COMPREHENSIVE INCOME TO THE EQUITY HOLDERS		87,476	17,229	(581)	(2,825)

* WRC Holdings has been redesignated a public benefit entity for financial reporting purposes. Comparatives for 2010 have been reclassified to aid comparability. Refer to note 24 for further information.
The accompanying notes form part of these financial statements.

WRC HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Group		Parent	
		2011	2010	2011	2010
		$000	$000	$000	$000
Equity - opening balance as at 1 July		213,847	193,447	12,774	15,529
Shares Issued during the year		13,346	1,264	13,346	1,264
Other Movements		727	-	-	-
Total comprehensive income before minority interest for the year		88,853	21,524	(581)	(2,825)
Dividends attributable to:					
Equity holders of the parent	12	(1,204)	(1,195)	(1,204)	(1,195)
Minority interest	4	(923)	(1,193)	-	-
Total dividends		(2,127)	(2,388)	(1,204)	(1,195)
Total recognised income and expenses for the period		86,726	19,136	(1,783)	(4,019)
Balance as at 30 June	3	314,646	213,847	24,337	12,774

* WRC Holdings has been redesignated a public benefit entity for financial reporting purposes. Comparatives for 2010 have been reclassified to aid comparability. Refer to note 22 for further information.

The accompanying notes form part of these financial statements.

WRC HOLDINGS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2011

	Notes	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
EQUITY					
Issued and paid up capital	3	50,726	37,380	50,726	37,380
Retained earnings *		174,697	87,167	(26,389)	(24,606)
Revaluation reserve		42,529	43,060	-	-
Minority interest	4	46,694	46,240	-	-
TOTAL EQUITY	3	314,646	213,847	24,337	12,774
Represented by:					
ASSETS					
Current Assets					
Cash and cash equivalents		1,039	299	4	1
Debtors and other receivables	5	8,371	5,508	1,494	1,555
Taxation refund		329	228	-	-
Current account - Greater Wellington Regional Council	6	2,275	1,535	(659)	(557)
Current account - Port Investments Ltd	6	-		597	337
Current account - Pringle House Ltd	6	-	-	1,997	1,997
Inventories		10,401	1,121	-	-
Total Current Assets		22,415	8,691	3,433	3,333
Non Current Assets					
Investment properties	8	228,278	230,521	-	-
Investments	7	2,539	2,215	66,584	54,367
Other financial assets	14	-	459	-	457
Property, Plant & Equipment	9	363,604	236,155	-	-
Deferred tax asset	10	1,733	1,582	-	-
Intangible assets	16	408	641	-	-
Total Non Current Assets		596,562	471,573	66,584	54,824
TOTAL ASSETS		618,977	480,264	70,017	58,157
Less:					
LIABILITIES					
Current Liabilities					
Other financial liabilities	14	44	61	-	-
Trade and other payables		10,592	8,993	182	141
Borrowings	13	135,960	106,262	44,097	44,046
Dividend payable	12	1,666	1,928	1,204	1,196
Provision for subvention payments	10	908	1,007	-	-
Deferred revenue *		-	-	-	-
Provision for employee entitlements	11	2,592	2,243	-	-
Total Current Liabilities		151,762	120,494	45,483	45,383
Non Current Liabilities					
Borrowings	13	90,000	120,000	-	-
Other financial liabilities	14	8,495	4,837	197	
Deferred taxation liability *	10	53,372	20,331	-	-
Deferred revenue *		-	-		
Provision for employee entitlements	11	701	755	-	-
Total Non-Current Liabilities		152,568	145,923	197	-
TOTAL LIABILITIES		304,330	266,417	45,680	45,383
NET ASSETS		314,647	213,847	24,337	12,774

For, and on behalf of, the Board of Directors

Director ______________ October 20, 2011 Director ______________ October 20, 2011

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The accompanying notes form part of these financial statements.

WRC HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers		70,812	65,119	-	-
Dividend Income Received		250	355	-	-
Income Taxation Received		22	5	-	-
Interest Income Received		-	-	1,925	1,840
GST -Received		(62)	605		
Cash was disbursed to:					
Payments to Suppliers and Employees		(39,901)	(34,490)	-	-
Income Taxation paid		(812)	-	-	-
Interest Expense paid		(13,979)	(10,352)	(1,925)	(1,840)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	16,330	21,242	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from Sale of Property, Plant & Equipment		69	9	-	-
Cash was Applied to:					
Purchase of Property, Plant & Equipment		(8,302)	(14,390)	-	-
Development of Investment Properties		(3,963)	(15,146)	-	-
Subsidiary Company Shares				(13,346)	(1,264)
Purchase of Intangible Assets		(49)	(94)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(12,245)	(29,621)	(13,346)	(1,264)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was Provided from:					
Proceeds from Borrowings		(52)	10,726	51	46
Issue of Ordinary Shares		13,346	1,264	13,346	1,264
Movement in Current Account - Greater Wellington Regional Council		(13,346)	(1,254)	-	-
Cash was applied to:					
Movement in current account - Greater Wellington Regional Council		(2,100)	(1,346)	(48)	(46)
Dividends Paid to Shareholders of the Company		(1,193)	(923)	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3,345)	8,467	13,349	1,264
Net Increase / (Decrease) in Cash, cash equivalents & bank overdraft at year end		740	88	3	-
Add Opening Cash, cash equivalents / (Overdraft) Brought Forward		299	211	1	1
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR		1,039	299	4	1

The accompanying notes form part of these financial statements.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1
Statement of Accounting Policies

Statement of Compliance

The "Group" consists of WRC Holdings Ltd, its wholly owned subsidiaries, Pringle House Ltd, Port Investments Ltd, Greater Wellington Rail Ltd, Greater Wellington Transport Ltd, Greater Wellington Infrastructure Ltd and its 76.9% subsidiary CentrePort Ltd, together with its subsidiaries, as disclosed in Note 7.

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 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit oriented entities.

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand currency.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of Operational Port Freehold Land, Investment Properties (Developed Investment Properties, Land Available for Development and Assets Held for Sale) and financial instruments as outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

The going concern concept has been adopted in the preparation of these financial statements.

For the purposes of financial reporting, WRC Holdings is designated as a public benefit entity. The subsidiary companies comprise Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited, Greater Wellington Infrastructure Limited and CentrePort Limited. All subsidiaries, except Greater Wellington Rail Limited, are designated as profit-oriented entities. Greater Wellington Rail is designated as a public benefit entity.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, the comparative information presented in these financial statements for the year ended 30 June 2010.

Specific Accounting Policies
The specific accounting policies adopted in the preparation of these financial statements, which materially affect the measurement of the statement of comprehensive Income, statement of movements in equity, balance sheet and cash flows are set out below:

1.1 Basis of Consolidation
The Group financial statements include WRC Holdings Ltd and its subsidiaries. The subsidiaries are accounted for using the purchase method which involves adding together corresponding assets, liabilities, revenues and expenses on a line by line basis. The associate companies are accounted for on an equity accounting basis, which shows the share of surplus/deficits in the Group's Statement of comprehensive income and share of post acquisition increases/decreases in net assets in the Group's balance sheet.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the difference is credited to the Statement of comprehensive income in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such subsidiary.

All significant inter-company transactions are eliminated on consolidation.

1.2 Statement of Cash Flows
The following are the definitions used in the statement of cash flows:

(a) Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.

(b) Investing activities are those activities relating to the acquisition and disposal of Property, Plant and Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.

(c) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(d) Operating activities include all transactions and other events that are not investing or financing activities.

(e) Goods and Services Tax (GST) is accounted for on an accruals basis consistent with the Statement of comprehensive income.

1.3 Revenue
Revenue shown in the Statement of comprehensive income comprises the amounts received and receivable by the Group for services provided to customers in the ordinary course of business based on the stage of completion of the contract at balance sheet date.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Grants are recognised in the statement of comprehensive income when eligibility has been established by the grantor.

Income is stated exclusive of GST collected from customers.
Interest and dividend income are recognised on an accrual basis.

1.4 Property, Plant and Equipment
The Group has seven classes of Property, Plant and Equipment
Freehold land
Buildings, wharves and paving
Cranes and floating plant
Plant, vehicles and equipment
Rail Infrastructure
Rail rolling stock
Work in Progress

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. This class of asset was revalued in 2010. The basis of valuation is fair value which is determined by reference to the assets highest and best use as determined by an independent valuer.

The fair value of Operational Port Freehold Land is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in other comprehensive income and accumulated as a separate component of equity in the properties revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of port operational land.

The remaining Property, Plant & Equipment acquired by CentrePort on 1 October 1988 are recorded at cost less accumulated depreciation and impairment, based on a business valuation carried out in accordance with the Company plan under Section 21 of the Port Companies Act 1988. Subsequent purchases of remaining Property, Plant & Equipment are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All these Property Plant & Equipment are depreciated excluding land.

GW Rail Public Transport rail station infrastructural assets were valued by Bayleys at depreciated replacement cost at 30 June 2011. GW Rail Ganz Mavag rollong stock were valued by Halcrow at depreciated replacement cost at 30 June 2011.

1.5 Investment Properties
Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the period in which they arise.

The Group has three classes of investment properties:
Developed Investment Properties
Land Available for Development
Investment Property Held for Sale.

1.6 Leased Assets
Group entities lease certain land, buildings, wharves and plant. Leases are finance leases wherever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. All leases held by the Group are classified as operating leases.

Consolidated entity as lessee:
Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Consolidated entity as lessor:
Operating leases relate to subleases of surplus of properties leased by the company for its own operation use, with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The lessee does note have an option to purchase the property at expiry of the lease period.

Lease incentive
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.7 Assets held for sale
Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.8 Intangibles
Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

1.9 Impairment of assets
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidation entity estimates the recoverable amount of the cash-generating using to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount off an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had not impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of comprehensive income immediately, unless the relevant assets is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Depreciation
There is no depreciation on capital works in progress and operational port land or investment properties, (developed investment properties, land available for development and assets held for sale). Depreciation on all other property plant and equipment is charged on a straight line basis so as to write off the cost of the assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

Buildings, wharves and paving	10 to 50 years
Cranes and floating plant	4 to 20 years
Plant, vehicles and equipment	2 to 20 years
Rail rolling stock	5 to 35 years
Rail Infrastructure	5 to 50 years
Other assets	0 to 20 years
Capital work in progress	Not depreciated

The economic useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

1.11 Borrowing Costs
Borrowing costs directly attributable to capital construction are capitalised as part of the cost of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Investments
Investments in subsidiaries are valued annually at the lower of cost and net asset backing. The change in valuation is recognised in the Statement of comprehensive income.

Investments in associates are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

Investment properties are revalued annually to net current value. The change in valuation is recognised in the statement of comprehensive income. There is not any depreciation on investment properties.

Other investments are stated at the lower of cost and fair value.

1.13 Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposit held at call with banks, other short term highly liquid investments with original maturities of 3 months or less.

1.14 Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision has been made for obsolescence where applicable. Apart from fuel stocks, inventories are held for maintenance purposes only.

1.15 Income Taxation

Current Tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

Deferred Tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

1.15 Income Taxation - continued
Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the Statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

1.16 Goods and Services Tax (GST)
The Group is part of the Wellington Regional Council GST Group. All items in the financial statements are exclusive of GST, with the exception of CentrePort's receivables and payables, which are consolidated inclusive of GST.
Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.
Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

1.17 Employee Entitlements
A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet paid at balance date. Employee benefits include salaries, wages, annual leave and long service leave. Where the services that gave rise to the employee benefits are expected to be paid for within twelve months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

1.18 Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.19 Provision for Dividends
Dividends are recognised in the period that they are authorised and approved.

1.20 Financial Instruments
As part of normal operations, the Group is party to financial instruments with risk to meet operational needs. These financial instruments include bank overdraft facilities, interest rate swap agreements and forward foreign exchange contracts. Interest rate swap agreements are used within predetermined policies and limits in order to manage interest rate exposure.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.21 Financial Assets

Investments are recognised and derecognised on trade date where purchase and sale of an investment is under a contract whose terms require delivery of the investments within the timeframe established by the market concerned, and are initially at fair value, plus transactions costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

In the Parent financial statements subsequent to initial recognition, investments in subsidiaries and joint ventures are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through statement of comprehensive income
The Group has classified certain derivative instruments as financial assets at fair value through the statement of comprehensive income. The policy for these items is outlined in note 1.23
Loans and receivables
Cash and cash equivalents, trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets or financial liability

1.22 Financial liabilities

Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services and are subsequently recorded at amortised cost using the effective interest method.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.
Subsequent to initial recognition, borrowings are measured at amortised costs with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

1.23 Derivative financial instruments

The Group entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at cost on the date a derivative contract is entered into, which is equivalent to fair value, and are subsequently re-measured to fair value at each reporting date. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

Cash settlement of derivatives adjust the line in the statement of comprehensive income to which the cash settlement relates.

Offsetting financial instruments

Financial Assets and Liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.24 Financial instruments issued by the company

Equity instruments

Equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Dividends

Dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related equity instrument.

1.25 Foreign Currency Transactions

Transactions in foreign currency are converted at the rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these transactions are recognised in the statement of comprehensive income.

1.26 Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in the Group financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with NZ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investments in joint ventures are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

Interests in jointly controlled entities are recognised in the parent company's financial statements using the cost method.

1.27 Standards & interpretations effective in the current period

The following are the new or revised Standards or Interpretations in issue that are not yet required to be adopted by the Group:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
*Revised NZ IFRS 9 'Financial Instruments' (2010)	1 January 2013	30 June 2014
Amendments to NZ IFRIC 14 'Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010		
- Improvements to NZ IFRS 7, NZ IAS 1, NZ IAS 34 and NZ IFRIC 13	1 January 2011	30 June 2012
Amendments to NZ IAS 26 'Accounting and Reporting by Retirement Benefit Plans'	1 April 2011	30 June 2012
Amendments to NZ IFRS 7 'Financial Instruments: Disclosures'	1 July 2011	30 June 2012
Amendments to NZ IAS 12 ' Income Taxes' - Deferred Tax: Recovery of Underlying Assets	1 January 2012	30 June 2013
Amendments to NZ IFRS 7 – Appendix E	1 April 2011	30 June 2012
NZ IFRS 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
NZ IFRS 11 'Joint Arrangements'	1 January 2013	30 June 2014
NZ IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	30 June 2014
NZ IAS 27 'Separate Financial Statements' (revised 2011)	1 January 2013	30 June 2014
NZ IAS 28 'Investments in Associates and Joint Ventures' (revised 2011)	1 January 2013	30 June 2014
Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards	1 July 2011	30 June 2012
FRS 44 'NZ Additional Disclosures'	1 July 2011	30 June 2012
Amendments to FRS 44 'NZ Additional Disclosures'	1 July 2011	30 June 2012
Amendments to IAS 1 'Presentation of Financial Statements' – Presentation of Items of Other Comprehensive Income	1 July 2012	30 June 2013
Amendments to IAS 19 'Employee Benefits'	1 January 2013	30 June 2014

*the revised NZ IFRS 9 adds guidance on the classification and measurement of financial liabilities and derecognition of financial instruments. The effective date remains the same as the previous version of NZ IFRS 9, with earlier adoption permitted.

Early Adoption of Amendments to NZ IAS 12 Income Taxes

The Group has elected to early adopt the amendments to NZ IAS 12 Income Taxes ahead of its mandatory implementation date of periods commencing on or after 1 January 2012. This amendments introduces the assumption that the carrying amount of investment property will be recovered through sale, which has the effect of lowering the Group's deferred tax liability on investment property held for continuing use to depreciation which would be recoverable on sale. The impact on the 2011 tax expense accounts is a decrease of $748k.

Other than amendments to NZ IAS 12 management has not yet fully assessed the impact of these changes.

Adoption of New and Revised Standards and Interpretations

The standards and interpretations listed below became mandatory in the current year. Management has reviewed these standards and interpretations and has determined that there is no material impact affecting the results and position of the Group.

- Improvements to NZ IFRS (2009)
- Improvements to NZ IFRS (2010) - improvements to NZ IFRS 3 and NZ IAS 27
- Amendments to NZ IFRS 2 'Share-Based Payment' – Group Cash-Settled Share-Based
- Amendment to NZ IAS 32 'Financial Instruments: Presentation' – Classification of Rights
- Amendments to NZ IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

Key management assumptions and uncertainties

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis.

Retirement Gratuity

The valuation is on a discounted cash flow basis whereby the future cash flow liability is discounted using a discount rate based on the 10-year government bond yield at balance date.

Financial Instruments

Fair value is the amount for what could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. Refer to note 18 for details of fair values of derivatives.

1.27 Standards & interpretations effective in the current period (continued)

Property, Plant & Equipment and Investment Property

Certain items of Property, Plant & Equipment have been revalued to fair value at 30 June 2011. Investment Property has been revalued to fair value at 30 June 2011. Refer to note 8 and 9 respectively for disclosure about the valuations and valuation methodology.

The Board and management of CentrePort have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant & Equipment. There is an element of judgement in this. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive income rental have been classified as Investment

CentrePort estimates the extent of future infrastructure costs that will be incurred to create investment property sites at Harbour Quays. These future costs have been taken into account when determining the fair value of investment property.

1.28 Changes in Accounting Policies

WRC Holdings has been redesignated a public benefit entity for financial reporting purposes, previously it was designated a profit oriented entity. Details of this change can be found in note 24. There have been no other changes in accounting policies during the year.

1.29 Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis.

Property, Plant and Equipment and Investment Properties

Certain items of property, plant and equipment have been revalued to fair value at 30 June 2011. Investment Properties have been revalued to fair value at 30 June 2011. Refer to note 8 and 9 respectively for disclosure about the valuations and valuation methodology.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes property, plant and equipment. There was an element of judgement in this. There is a developed port plan, and those items of land that are considered integral to the operations of the port have been included in operational port land. Land held specifically for capital appreciation or to derive income rental have been classified as investment property.

CentrePort estimates that the extent of future infrastructure costs will be incurred to create investment property sites at Harbour Quays. These future costs have been taken into account when determining the fair value of investment properties.

NOTE 2

Operating Surplus before Subvention and Taxation

	Notes	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Operating surplus before subvention and taxation		123,364	13,555	(581)	(2,825)
After Crediting:					
REVENUE					
CentrePort Income		47,669	47,466	-	-
Rental Income		25,331	18,897	-	-
Opearational Grants from Greater Wellington Regional Council		1,613	1,628	-	-
Capital Grants from Greater Wellington Regional Council		40,044	11,998	-	-
Fair Value - KiwiRail Property Plant & Equipment and Stock		83,417	-	-	-
Equity accounted earnings of associate companies		574	758	-	-
Dividend Income from subsidiaries		-	-	1,337	1,402
Gain on sale of fixed assets		69	9	-	-
Interest revenue		105	80	1,934	1,840
Other revenue					(10)
Total Revenue		198,822	80,836	3,271	3,232
Change in financial instrument fair value	14	(4,101)	(7,691)	(655)	(794)
Increase (decrease) in the value of Land available for development - CentrePort Ltd		29	1,692	-	-
Increase (decrease) in the value of developed investment property - Pringle House Ltd		(1,523)	(1,702)	-	-
Increase (decrease) in the value of developed investment property - CentrePort Ltd		(4,735)	(294)	-	-
Change in value of Investment property		(10,330)	(7,995)	(655)	(794)
After Charging:					
Impairment of Assets		-	-	-	-
EXPENSES					
Amortisation	16	282	412	-	-
Bad debts written (back)\off		-	-	-	-
Change in provision for doubtful debts		47	13	-	-
Depreciation	9	9,393	9,570	-	-
Directors fees and expenses		397	357	10	8
Employee benefits expense		16,458	15,809	-	-
Energy costs (Pringle House only)		43	24	-	-
Fees paid to company auditors for:					
- Audit NZ: audit services		35	35	16	16
- Other auditor: audit services		99	95	-	-
- Audit NZ: other assurance services		-	-	-	-
- Other auditor: other assurance services		28	8	-	-
Tax services		102	74	21	37
Consultant and Professional fees		156	13	-	-
Insurance		278	333	5	5
Legal Fees		73	75	4	75
Management fees		352	320	57	55
Maintenance		6,621	5,964	-	-
Rates		4,843	4,192	-	-
Rental and lease expenses		1,968	1,705	-	-
Write-down of investment property - Pringle House		1,129	3,225	1,129	3,225
Other operating expenses		9,097	6,647	3	2
Total Expenses		51,401	48,871	1,245	3,423
Interest expense		13,727	10,415	1,952	1,840
Interest capitalised		-	-	-	-
Net interest		13,727	10,415	1,952	1,840
Operating Surplus before Subvention and Taxation		123,364	13,555	(581)	(2,825)

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3
Equity

	Notes	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Ordinary Share Capital					
50,000,000 $1 shares, uncalled		-	-	-	-
34,541,100 $1 shares, fully paid		34,541	34,541	34,541	34,541
22,170,000 $1 shares, part paid		16,185	2,839	16,185	2,839
Redeemable Preference Share Capital					
25,000 $1000 shares, paid to 1 cent		-	-	-	-
Total share capital		50,726	37,380	50,726	37,380
Revaluation reserve brought forward		43,060	43,060	-	-
Transfer from operational port land		-	-	-	-
Other Movement		(531)	-	-	-
Revaluation reserve carried forward		42,529	43,060	-	-
Retained Earnings / (Deficit) brought forward		87,167	71,133	(24,606)	(20,586)
Operating surplus after income tax		87,476	17,229	(579)	(2,825)
Other Movement		1,258	-	-	-
Dividends to Parent		(1,204)	(1,195)	(1,204)	(1,195)
Retained Earnings / (Deficit) carried forward		174,697	87,167	(26,389)	(24,606)
Minority Interest	4	46,694	46,240	-	-
Total Equity		314,646	213,847	24,337	12,774

NOTE 4

Minority Interest

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Opening minority interest	46,240	43,138	-	-
Minority share of operating surplus	1,377	4,295	-	-
Minority share of dividends paid or payable	(923)	(1,193)	-	-
Total Minority Interest	46,694	46,240	-	-

Minority interest represent the Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Ltd.

NOTE 5

Debtors & other receivables

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Trade receivables	7,392	4,960	-	-
Provisioning for doubtful debts	(11)	(12)	-	-
Other receivables	348	50	-	-
Prepayments	642	510	40	58
Interest receivable	-	-	117	95
Dividends receivable	-	-	1,337	1,402
Total Receivables and Prepayments	8,371	5,508	1,494	1,555

Provision of Doubtful debts

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Opening balance	12	182	-	-
Amounts written off during the year	(48)	(183)	-	-
Amounts recovered during the year			-	-
Increased in allowance recognised in statement of comprehensive income	47	13	-	-
Closing balance	11	12	-	-

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts from the sale of services, determined by reference to past default experience .

Included in trade receivables are debtors with a carrying amount of $0.965 million which are past due at 30 June 2011 (2010:$0.405 million). The Group believes that the amounts (net of doubtful debt provision) are recoverable.

Included in the allowance for doubtful debts are $11,000 of debtor balances where the respective company is in receivership or liquidation. Amounts written off during the year represent 0.6% of income.

NOTE 6

Current Accounts

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Current account - Pringle House Ltd	-	-	1,997	1,997
Current account - Port Investments Ltd	-	-	597	337
Current account - Greater Wellington Regional Council	2,275	1,535	(659)	(557)
Total Current Accounts	2,275	1,535	1,935	1,777

NOTE 7

Investments

All group companies have a common balance date of 30 June and all significant inter-company transactions have been eliminated on consolidation.

Name	Relationship	Equity Held	Principal Activity
Pringle House Ltd	Subsidiary	(100%)	Property owner
Port Investments Ltd	Subsidiary	(100%)	Investment management
Greater Wellington Rail Ltd	Subsidiary	(100%)	Rail rolling stock owner
Greater Wellington Transport Ltd	Subsidiary	(100%)	Inactive company
Greater Wellington Infrastructure Ltd	Subsidiary	(100%)	Inactive company
CentrePort Ltd	Subsidiary	(76.9%)	Port operations
Central Stevedoring Ltd	Subsidiary	(76.9%)	Inactive company
CentrePort Properties Limited	Subsidiary	(76.9%)	Inactive company
CentrePac Ltd	Joint Venture	(38.5%)	Container packing
Transport Systems 2000 Ltd	Joint Venture	(38.5%)	Storage, wash and repair of containers
Wellington Port Coldstores Ltd	Joint Venture	(38.5%)	Cold storage of produce

The Port of Wellington (1988) limited 100% owned by CentrePort was amalgamated into CentrePort limited during the year.

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Investments in Subsidiary Companies				
Investments are stated at the lower of cost and fair value and comprise				
Pringle House Ltd	-	-	6,400	7,529
Port Investments Ltd	-	-	-	-
Greater Wellington Rail Ltd	-	-	16,184	2,838
Greater Wellington Transport Ltd	-	-	-	-
Greater Wellington Infrastructure Ltd	-	-	-	-
Total investments in subsidiary companies	-	-	22,584	10,367
			-	-
Investment in Associate Companies - are stated :				
at the fair market value of net tangible assets				
at acquisition plus post acquisition increases in reserves				
Carrying Amount at Beginning of Year	2,215	1,811	-	-
Equity accounted earnings of associate companies	574	758	-	-
Dividends from joint ventures	(250)	(354)	-	-
Carrying Amount at End of Year	2,539	2,215	-	-
Other Investments - are stated :				
at the lower of cost and fair value				
Advance to subsidiary	-	-	44,000	44,000
Total investments	2,539	2,215	66,584	54,367

NOTE 8
Investment Properties

	Notes	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Developed investment properties		193,826	196,098	-	-
Land available for development		34,452	34,423	-	-
Investment property held for sale		-	-		
TOTAL		228,278	230,521	-	-

Valuation
Investment properties are revalued every year and are valued in accordance with New Zealand Property Institute Practice Standard 3 – Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information.

The Regional Council Centre at 142-146 Wakefield Street, Wellington was valued by Telfer Young (Wellington) Limited as at 30 June 2011. The valuation of The Regional Council Centre was $11.2 million (2010: $12.7 million).

CentrePort Investment properties were valued on 30 June 2011 by independent registered valuers of the firm Bayleys Property Services Limited. The CentrePort valuation assumes completion of the Harbour Quays Development plan as approved by the CentrePort Board and certain costs to complete the infrastructure development have been identified to reduce the valuation to the inspection date of 30 June 2011. The fair value of the investment property valued was $215 million (2010: $218 million).

Reconciliation of Movements in Investment Properties

	Group 2011 $000	Group 2010 $000	Parent 2011 $000	Parent 2010 $000
Developed investment properties brought forward	196,098	185,234	-	-
Additions (Disposals) to investment property	-	3,133	-	-
Transfer from (to) property plant & equipment	3,963	11,308	-	-
Transfer from (to) land available for development	-	831	-	-
Transfer from (to) assets held for sale	-	-	-	-
Classification correction	-	(4,114)	-	-
Net change in the value of developed investment property	(6,235)	(294)	-	-
Developed investment properties carried forward	193,826	196,098	-	-
Land available for development brought forward	34,423	29,448	-	-
Transfer from (to) developed investment property	-	1,656	-	-
Transfer from (to) property held for sale	-	(2,487)	-	-
Classification correction	-	4,114	-	-
Net change in the value of land available for development	29	1,692	-	-
Land available for development carried forward	34,452	34,423	-	-
Total Investment Property	228,278	230,521	-	-
Investment properties held for sale				
Additions (Disposals) to property held for sale	-	-	-	-
Transfer from (to) developed investment property	-	-	-	-
Transfer from (to) land available for development	-	-	-	-
Transfer from (to) property plant & equipment	-	-	-	-
Net change in the value of developed investment property	-	-	-	-
Investment Property Held for Sale	-	-	-	-
TOTAL	228,278	230,521	-	-

Net change in the value of investment property

	2011	2010
Developed Investment Property	(4,735)	(294)
Land Available for Development	29	1,692
Pringle House (reduction)/increase in value	(1,523)	(1,702)
Total Change in value	(6,229)	(304)

As Presented in the Statement of comprehensive Income

	2011	2010
As Part of Continuing Operations - Developed Investment Property	(4,735)	(294)
As Part of Continuing Operations - Land Available for Development	29	1,692
Pringle House - Reduction in value	(1,523)	(1,702)
Total Change in value	(6,229)	(304)

The Group's investment properties comprise:
(a) The Regional Council Centre at 142-146 Wakefield Street, Wellington.
(b) CentrePort's developed, undeveloped and held for sale investment properties.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 9

Property, Plant & Equipment

Group – 2011	Operational Port and freehold land at fair value	Buildings, Wharves, and Pavings at cost	Cranes and Floating Equipment at cost	Property, Plant and Equipment at cost	Work In Progress	Rail Rolling Stock	Rail Infra-structure	Total
Gross Carrying Amount	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2010 *	81,977	100,711	40,328	11,974	28,244	37,145	-	300,379
Transfers	-	-	-	-	(31,974)	31,974	-	-
Additions	-	7,134	31	711	53,279	-	-	61,155
Disposals	-	-	(2,762)	-	-	-	-	(2,762)
Other Movements **	-	532	72	125	-	-	-	729
Fair Valued PPE - KiwiRail	-	-	-	41	-	33,731	41,186	74,958
								-
Balance at 30 June 2011	81,977	108,377	37,669	12,851	49,549	102,850	41,186	434,459
Accumulated Depreciation/amortisation and Impairment								
Balance at 1 July 2010	-	38,734	12,285	7,636		5,569	-	64,224
Transfers	-	-	-	-		-	-	-
Depreciation expense	-	3,273	1,906	683		3,531		9,393
Disposals	-	-	(2,762)	-		-	-	(2,762)
Balance at 30 June 2011	-	42,007	11,429	8,319	-	9,100	-	70,855
* excludes discount on acquisition								
Net Book Value as at 30 June 2011	81,977	66,370	26,240	4,532	49,549	93,750	41,186	363,604

* excludes discount on acquisition

** Other Movements is the reversal of the discount on acquistion. The discount on acquisition of fixed assets amounting to $0.729m resulted from the purchase by Port Investments Limited of 76.9% of CentrePort Limited in 1998/99.

NOTE 9 Continued

Property, Plant & Equipment

Group – 2010	Operational Port and freehold land at fair value	Buildings, Wharves, and Pavings at cost	Cranes and Floating Equipment at cost	Property, Plant and Equipment at cost	Work In Progress	Rail Rolling Stock	Rail Infra-structure	Total
Gross Carrying Amount								
	$000	$000	$000	$000		$000	$000	$000
Balance at 1 July 2009 *	76,344	96,845	39,843	9,915	14,646	37,357	-	274,950
Transfers to Investments	2,024	(13,332)	-	-	-	-	-	(11,308)
Additions	-	8,727	485	2,068	13,598	-	-	24,878
Disposals	-	-	-	(9)	-	(212)	-	(221)
Change in Value of Port assets	3,609	8,471	-	-	-	-	-	12,080
Revaluations		-	-	-	-	-	-	-
								-
Balance at 30 June 2010	81,977	100,711	40,328	11,974	28,244	37,145	0	300,379
Accumulated Depreciation/amortisation and impairment								
Balance at 1 July 2009	-	35,110	10,346	6,938	-	2,266	-	54,660
Transfers	-	-	-	-	-	-	-	-
Depreciation	-	3,624	1,939	704	-	3,303	-	9,570
Disposals	-	-	-	(6)	-	-	-	(6)
Classification Correction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Balance at 30 June 2010	-	38,734	12,285	7,636	-	5,569	-	64,224
* includes discount on acquisition								
Net Book Value								
As at 30 June 2010	81,977	61,977	28,043	4,338	28,244	31,576	0	236,155

Impairment

The Directors have reviewed assets and tested for impairment. As a result, no impairment (2010 $ Nil) has been recognised in the Statement of comprehensive income.

Borrowing Costs Capitalised

During the year borrowing costs of $0.427 million (2010: 1.352 million) were capitalised. The weighted average capitalisation rate on funds borrowed was 5.99% (2010: 5.99%).

Valuation

Operational port freehold land is revalued every three years. On 30 June 2010 operational port freehold land was independently valued by registered valuers of the firm Bayleys Valuations Limited. The valuations were based on the assets highest and best use in accordance with New Zealand Property Institute Practise Standard 3 – Valuations for Financial Reporting Purposes with reference to sales evidence of land sales or development sites within the wider Wellington region. Each Freehold parcel of land is valued on a per square metre basis by reference to the most comparable sales evidence with appropriate adjustments for size, shape and location. The valuation was $82 million. Additions subsequent to the valuation are recorded at cost.

All other Property, Plant & Equipment are carried at cost less accumulated depreciation and any allowance for impairment.

The discount on acquisition of fixed assets amounting to $0.729m resulted from the purchase by Port Investments Ltd of 76.9% of CentrePort Ltd in 1998/99. This discount is no longer recognised and has been adjusted in the 2010/11 accounts.

The parent, WRC Holdings Ltd, does not hold any property plant or equipment.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10
Taxation

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
(a) Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense/(income)	712	1,644	-	-
Adjustments recognised in the current period in relation to the current tax of prior periods	-	(41)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	36,930	4,852	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	645	(397)	-	-
Tax expense/(benefit) relating to discontinued activities	-	(4,786)		
Impact of change in tax rate	(2,861)	(888)		
Impact of changes to building depreciation	(986)	4,289	-	-
Tax loss recognised	(837)	(1,582)		
Total Tax expense/(benefit)	33,603	3,091	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Group 2011	Group 2010	Parent 2011	Parent 2010
(Profit)/loss from operations	(123,364)	(13,555)	581	2,825
(Profit)/loss from discontinued operations		-	-	-
	(123,364)	(13,555)	581	2,825
Income tax expense/(benefit) calculated at 30%	37,009	4,067	(174)	(848)
Non-deductible expenses	1,530	499	339	969
Non-assessable income	(26,593)	-	(401)	(421)
Land and buildings reclassification	277	(3,655)	-	-
Tax effect of imputation credits	(107)	(155)	-	-
Temporary differences	673	482	-	-
Previously unrecognised and unused tax losses now utilised	(834)	(404)		-
Tax loss offsets from or subventions paid to Group companies	(272)	(302)	-	-
Unused tax losses and tax offsets not recognised	761	782	236	280
Impact of change in tax rate	(2,864)	(888)	-	20
Impact of changes to building depreciation	(986)	4,289		
Impact of gain on asset acquisition	25,025	-		
	33,619	4,715	-	-
(Over)/under provision of income tax in previous period	(16)	(41)		
Tax loss		(1,583)		
Total tax expense/(benefit)	33,603	3,091	-	-
Tax expense/(benefit) is attributable to:				
Continuing operations	33,603	3,091	-	-
	33,603	3,091	-	-

In May 2010, the Government announced, and passed into legislation, a reduction in the corporate tax rate from 30% to 28%, which will be effective from 1 July 2011 for the Parent and the Group. The effect of this change on the Parent and the Group's expected deferred tax position as at 30 June 2011 has been accounted for in the current year, with the effect recognised in the Statement of Comprehensive Income.

The Government also announced the removal of tax depreciation on buildings with a useful life of greater than 50 years, also effective from 1 July 2011 for the Parent and the Group. The effect of this change on the deferred tax balance has been accounted for and is reflected in the Statement of Comprehensive Income.

(c) Income tax recognised directly in equity	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
The following current and deferred amounts were charged/(credited) directly to equity during the period:				
Current tax:	-	-	-	-
Deferred tax:				
Adjustments to opening retained earnings associated with changes in accounting policies for financial instruments	-	-	-	-
Other - change in deferred tax recognised	-	-	-	-

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10
Taxation - Continued

(b) Current tax assets and liabilities

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Current tax assets:				
Subvention receivable	-		-	-
Tax refund receivable	329	228	-	-
Other	-	-	-	-
	329	228	-	-
Current tax payables:				
Income tax payable attributable to:	-	-	-	-
Parent entity	-	-	-	-
Other	-	-	-	-
	-	-	-	-

(c) Deferred tax balances

	Group 2011	Group 2010	Parent 2011	Parent 2010
Deferred tax assets comprise				
Tax losses	1,733	1,582	-	-
Temporary differences	3,451	2,587	-	-
Other	-	-	-	-
	5,184	4,169	-	-
Deferred tax liabilities comprise:				
Temporary differences	56,823	22,918	-	-
	56,823	22,918	-	-

Taxable and deductible temporary differences arise from the following:

Group 2011	Opening balance	Charged to income	Change in tax rate	Change in depreciation on buildings	Closing balance
	$000	$000	$000	$000	$000
Cash and cash equivalents	-	-	-	-	-
Investment properties	(6,334)	(1,556)	564	660	(6,666)
Property, plant and equipment	(16,584)	(35,395)	1,467	355	(50,157)
Trade and other payables	1,099	36	(45)	-	1,090
Other financial liabilities	1,451	887	(14)	-	2,324
Revenue in advance	-	-	-	-	-
Other	37	-	-	-	37
Tax losses	1,582	161	(8)		1,735
Total	(18,749)	(35,867)	1,964	1,015	(51,637)

Group 2010	Opening balance	Charged to income	Change in tax rate	Change in depreciation on buildings	Closing balance
	$000	$000	$000	$000	$000
Cash and cash equivalents	-	-	-	-	-
Investment properties	(12,158)	3,609	158	2,057	(6,334)
Property, plant and equipment	(8,739)	(1,092)	(407)	(6,346)	(16,584)
Trade and other payables	1,240	(110)	(31)	-	1,099
Other financial liabilities	(598)	2,049	-	-	1,451
Revenue in advance	3,709	(3,709)	-	-	-
Other	-	-	37	-	37
Tax losses		1,695	(113)		1,582
Total	(16,546)	2,442	(356)	(4,289)	(18,749)

NOTE 10
Taxation - Continued

Taxable and deductible temporary differences arise from the following:

Parent 2011	Opening balance	Charged to income	Change in tax rate	Change in depreciation on buildings	Closing balance
	$000	$000	$000	$000	$000
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-

Parent 2010	Opening balance	Charged to income	Change in tax rate	Change in depreciation on buildings	Closing balance
	$000	$000	$000	$000	$000
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-

	Group		Parent	
Unrecognised deferred tax balances	2011	2010	2011	2010
	$000	$000	$000	$000
The following deferred tax assets have not been brought to account as assets:				
Tax losses	-	-	(488)	(280)
Unused tax credits	-	-	-	-
Temporary differences	-	-	-	-
	-	-	(488)	(280)

Tax losses not recognised

WRC Holdings has a tax loss to carry forward to the 2012 income year of $1,744,147 (2010: $956,395). The tax effect of these losses is $488,361 (2010: $286,919) is not recognised in the Parent's accounts. However, these losses have been recognised in the Group's accounts.
Port Investments Limited has unrecognised tax losses of $4,412,352 (2010: $4,643,037) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is $1,235,459 (2010: $1,392,911). These losses have been recognised in the Group's accounts.

Greater Wellington Rail Limited has tax losses of $35,610 (2010: nil) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is $9,971 (2010: nil). These losses have been recognised in the Group's accounts.
The 2011 financial statements accrue a subvention payment for the utilisation of losses incurred by Greater Wellington Regional Council of $908,000 (2010: $1,007,000) payable by Pringle House Limited. A subvention payment was made during the year by Pringle House Limited relating to the 2010 net loss of Greater Wellington Regional Council that was utilised in that year.
The ability to carry forward tax losses is contingent upon the relevant companies continuing to meet the requirements of the Income Tax Act 2007.

(d) Imputation credit account balances	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Balance at beginning of the period	11,107	11,649	408	449
Attached to dividends received	1,364	923	514	670
Taxation paid	615	-	-	-
Attached to dividends paid	(1,794)	(1,515)	(512)	(711)
Other adjustments	21	50		
Balance at end of the period	11,313	11,107	410	408

Imputation credits available directly and indirectly to shareholders of the parent company, through

	2011	2010
Parent company	410	408
Subsidiaries	10,903	10,699
	11,313	11,107

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 11
Provision for Employee Entitlements

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Balance at beginning of year	2,998	2,874	-	-
Additional provision made	1,602	1,606	-	-
Amount	(1,307)	(1,482)	-	-
Balance at End of Year	3,293	2,998	-	-
This is represented by:				
Current	2,592	2,243	-	-
Non-current	701	755	-	-
Balance at End of Year	3,293	2,998	-	-

The provision for employee entitlements relates to employee benefits such as redundancy provisions, accrued annual leave, sick leave and long service leave. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

The rate used for discounting the provision for future payments is 5.2% (2010: 5.30%).

NOTE 12

Dividends Payable

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Proposed distributions:				
Proposed dividend to the Greater Wellington Regional Council	1,204	1,196	1,204	1,196
Proposed dividend to minority interest	462	732	-	-
Total Dividends Declared	1,666	1,928	1,204	1,196

NOTE 13

External Debt

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Bank loans - current	135,960	106,262	44,097	44,046
Bank loans - long term	90,000	120,000	-	
Total External Debt	225,960	226,262	44,097	44,046

The Parent has $44.4 million of Commercial Paper on issue which is supported by a $44 million bank facility with the Commonwealth Bank of Australia. The debt is secured by $50,000,000 of uncalled shares in favour of Greater Wellington Regional Council. The security is maintained by Trustee Executors. The interest rate charged on the facility as at 30 June 2011 was 2.77% p.a. (30 June 2010: 3.63% p.a.).

CentrePort has a unsecured banks loan facility of $203 million with renewal dates in, 2011 and 2012. The facility can be repaid or drawn down until expiry. The interest rate charged on this facility as at 30 June 2011 ranged from 3.23% to 3.33% p.a. (2010: 2.97% to 4.24%). No collateral was required on lending, but CentrePort Limited has given the bank a negative pledge and there are therefore restrictions on the quantum of borrowing made.

In December 2010 Wellington Regional Council (with a long-term credit rating of AA), guaranteed the borrowings of CentrePort Limited up to their banking facility limit of $203 million. In recognition of the provision of the guarantee the company pays a guarantee fee to Wellington Regional Council (refer related party transactions).

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14

Financial Instruments

Nature of activities and management policies with respect to financial instruments:

Fair Values
The estimated fair value of the following financial instruments are:

Financial Risk Management Objectives
The Group's finance function provides services to the business, co-ordinates access to financial markets, monitors and manages the financial risk relating to the operations of the Group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

Treasury activities are reported to the Board quarterly at CentrePort and at each meeting of the WRC Holdings Board. In addition, CentrePort has established a Treasury Committee with independent Treasury advisors as a members. WRC Holdings Treasury activities are covered by Greater Wellington's Treasury Policy.

Fair values
The Group considers that the carrying amount of financial assets and financial liabilities (except borrowings) recorded in the financial statements approximates their fair values.

Fair value assumptions
Cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and other financial liabilities are either fair valued or approximate fair valued on the Balance Sheet.

The fair value for assets at amortised cost (including cash, trade and other receivables, trade and other payables and other financial liabilities) is determined by using discounted cash flow models incorporating market observable data for similar instruments.

Estimation of Fair Value of Financial Instruments
The fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:
• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
Assumptions for valuation models are based on management's judgements and estimates. Changes in the assumptions used in these models and projections of future cash flows could affect the reported fair value of financial instruments.

Fair value measurements recognised in the balance sheet. All financial instruments recognised on WRC Holdings Limited's balance sheet at fair value sit within level 2.

Inter- group advances
The Parent company holds balances with other group entities. These inter-group advances are non-interest bearing, and are carried at cost not fair value. It is considered impractical to determine the fair value of these advances due to the difficulty of doing so without an actively traded market.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 13.

The Boards of Directors review the capital structure at least annually. This review is forward focused and considers the availability, cost and risks associated with each class of capital to balance capital structure through the payment of dividends and issue of new debt or the redemption of existing debt.

Externally imposed capital requirements
CentrePort Limited has borrowing covenant requirements for gearing and interest cover ratios. Covenants are reported semi-annually to the Board then forwarded its banker. All externally imposed covenants have been complied with during the period. WRC Holdings Limited does not have any financial covenants on its borrowing.

Note 14 (continued)

The following table details the classes of financial assets and financial liabilities contained in the Balance Sheet for both the Company and the Group:

Group 2011	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	$000	$000	$000	$000
Assets:				
Cash and cash equivalents	1,039	-	-	1,039
Trade and other receivables	7,729	-	-	7,729
Other financial assets- Current Account Greater Wellington Regional Council	2,275	-	-	2,275
Total Financial Assets	11,043	-	-	11,043
Liabilities:				
Trade and other payables	-	-	10,592	10,592
Borrowings	-	-	225,960	225,960
Other financial liabilities	-	8,539	4,959	13,498
Total Financial Liabilities	-	8,539	241,511	250,050

Group 2010	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	$000	$000	$000	$000
Assets:				
Cash and cash equivalents	299	-	-	299
Trade and other receivables	4,546	-	-	4,546
Other financial assets	2,092	459	-	2,551
Total Financial Assets	6,937	459	-	7,396
Liabilities:				
Trade and other payables	-	-	8,993	8,993
Borrowings	-		226,262	226,262
Other financial liabilities	557	4,898	4,926	10,381
Total Financial Liabilities	557	4,898	240,181	245,636

Parent 2011	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	$000	$000	$000	$000
Assets:				
Cash and cash equivalents	4	-	-	4
Trade and other receivables	117	-	-	117
Other financial	1,997	-	45,337	47,334
Total Financial Assets	2,118	-	45,337	47,455
Liabilities:				
Trade and other payables	-	-	182	182
Borrowings	-	-	44,097	44,097
Other financial liabilities	-	197	1,204	1,401
Current Account - GWRC	-	-	659	659
Total Financial Liabilities	-	197	46,142	46,339

Parent 2010	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	$000	$000	$000	$000
Assets:				
Cash and cash equivalents	1	-	-	1
Trade and other receivables	95	-	-	95
Other financial assets	1,997	457	45,402	47,856
Total Financial Assets	2,093	457	45,402	47,952
Liabilities:				
Trade and other payables	-	-	141	141
Borrowings	-	-	44,046	44,046
Other financial liabilities	-	-	1,196	1,196
Current Account - GWRC	-	-	557	557
Total Financial Liabilities	-	-	45,940	45,940

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Note 14 (continued)

Interest Rate Risk
The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite as provided for in the Treasury Policy; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of note 14.

Interest Rate Sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 1% or 100 basis point (2010:1%) increase or decrease represents management's assessment of the possible change in interest rates

At reporting date, if interest rates had been 1% or 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by $970,000/$1,364,000 (2010: decrease/increase by $9,530,000).
The Group's sensitivity to interest rates has decreased during the current period due an increase in interest rate swaps. However interest rate swaps are revalued which had lead to a greater volatility in revaluation movement.

Interest Rate Swap
Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances.

At balance date the Group had entered into the following swap agreements and interest rate collars (options) that had interest rates ranging from 3.39% to 7.30% (2009: 4.15% to 7.30% p.a.) and maturities of:

Interest Rate Swap Agreements - Group				Group			
		Interest 2011	Interest 2010	Face Value 2011	Fair Value 2011	Face Value 2010	Fair Value 2010
Financial Assets		%	%	$000	$000	$000	$000
Less than one year			3.39			20,750	2
Two to five years			4.03			20,000	457
Total Financial Assets				-	-	40,750	459
Financial Liabilities							
Less than one year		3.48		24,000	(50)		
One to two years		6.49	6.49	20,000	(1,148)	20,000	(1,207)
Two to five years	1	3.77	4.87	45,000	(1,009)	45,000	(145)
	2	4.05		45,000	(1,437)		
		4.03	4.03	20,000	(147)		
		5.76		40,000	(2,620)		
Greater than 5 years		5.99	5.99	25,000	(2,084)	25,000	(1,610)
			5.76			40,000	(1,647)
			5.18			45,000	(228)
Total Financial Liabilities				219,000	(8,495)	175,000	(4,837)
Foreign Exchange contracts				-	-	-	-
Diesel contracts (Current liabilities)					(44)		(61)
Total Financial Instruments				219,000	(8,539)	215,750	(4,439)

1 Interest rate to 15 June 2012 3.77, thereafter 4.87%
2 Interest rate to 15 June 2012 4.05, thereafter 5.18%

Interest Rate Swap Agreements - Parent			Parent		
	Interest Rate	Face Value 2011	Fair Value 2011	Face Value 2010	Fair Value 2010
Financial Assets	%	$000	$000	$000	$000
Less than one year	3.48	24,000	(50)		
Two to five years	4.15	10,000	(121)	10,000	167
Two to five years	3.92	10,000	(26)	10,000	290
Total Financial Assets		44,000	(197)	20,000	457

Note 14 (continued)

Maturity profile of financial instruments - group

The following table details the Group's exposure to interest rate risk at 30 June 2011 and 30 June 2010.

Group 2011	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Maturity Profile of Financial Instruments						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
Financial Liabilities:										
Trade payables			10,592	-	-	-	-	-	10,592	10,592
Other payables			4,917	701	-	-	-	-	5,618	5,618
Debt - Parent	2.77%		44,097	-	-	-	-	-	-	44,097
Debt -	4.93%	2.67%	91,863	90,000	-	-	-	-	-	181,863
Total			151,469	90,701	-	-	-	-	16,210	242,170

Group 2010	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
Financial Liabilities:										
Trade payables			8,993	-	-	-	-	-	8,993	8,993
Other payables			62,278	755	-	-	-	-	63,033	63,033
Debt - Parent	4.03%	3.22%	44,046	-	-	-	-	-	-	44,046
Debt -	5.49%	3.10%	62,216	30,000	90,000	-	-	-	-	182,216
Total			177,533	30,755	90,000	-	-	-	72,026	298,288

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 14 (continued)

Maturity Profile of Financial Instruments - Parent

The following table details the parents exposure to interest rate risk at 30 June 2011 and 30 June 2010.

Parent 2011	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
									-	-
Financial liabilities:									-	-
Trade payables			182	-	-	-	-	-	182	182
Other payables			1,863	-	-	-	-	-	-	1,863
Borrowings -	2.77%		44,097	-	-	-	-	-	-	44,097
Total			46,142	-	-	-	-	-	182	46,142

Parent 2010	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
Financial Liabilities:										
Trade payables			141	-	-	-	-	-	141	141
Other payables			1,753	-	-	-	-	-	-	1,753
Borrowings -	4.03%	3.22%	44,046	-	-	-	-	-	-	44,046
Total			45,940	-	-	-	-	-	141	45,940

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 14 (continued)

Credit risk management
Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the balance sheet.

Trade and other receivables include amounts that are unimpaired but considered past due as at balance date. An analysis of the age of such trade receivables is included in the table following

Ageing past due trade receivables	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
1-30 days	817	319	-	-
30-60 days	26	51	-	-
60-60 days	113	8	-	-
90-120 days	9	27	-	-
Total	965	405	-	-

No collateral is held on the above amounts.

Concentrations of credit risk
The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by International credit-rating agencies.

Currency risk
The Group enters into forward exchange contracts to hedge the group's foreign currency risk on major asset purchases.

There were no forward foreign currency (FC) contracts as at year end.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the CentrePort has a bank overdraft facility of $1 million (2010: $1 million), New Zealand dollar Commercial bill facilities of $203 million (2010: $203 million). Of these $181.1 million (2010: $181.2 million) had been drawn down by the Group at balance date.

CentrePort Limited has an unsecured facility agreement of $203 million with Westpac Banking Corporation with renewal dates in 2011 and 2012. CentrePort Limited has entered into an unconditional sale with the Accident Compensation Corporation to sell 50% of three investment properties for $75 million. The transaction date is 1 September 2011 and the proceeds will be used to repay a portion of the facility that expires in November 2011.
The Board and management review forward cash flows on a monthly basis.

WRC Holdings has a $44 million term facility with Commonwealth Bank which expires in September 2013, and has recently requested the expiry date be extended by 1 year to September 2014.

Note 14 (continued)

Liquidity profile of financial instruments - Group

The following tables detail the entity's liquidity profile based on undiscounted cash outflows at 30 June 2011 and 30 June 2010, assuming future interest cost on borrowings at 4.8% (2010: 4.8%) of the average debt for each period.

Group 2011	Cash Flows						Total
	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	
	$000	$001	$002	$003	$004	$005	$006
Financial liabilities							
Trade payables	10,592	-	-	-	-	-	10,592
Other payables	4,917	701	-	-	-	-	5,618
Other financial liabilities	2,334	2,055	1,504	897	753	995	8,538
Borrowings	100,839	94,317	46,112		-	-	241,268
Financial Assets							-
Other financial assets	-	-	-	-	-	-	-
Total	118,682	97,073	47,616	897	753	995	266,016

Group 2010	Cash Flows						Total
	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	
	$000	$001	$002	$003	$004	$005	$006
Financial liabilities							
Trade payables	8,993	-	-	-	-	-	8,993
Other payables	62,278	755	-	-	-	-	63,033
Other financial liabilities	966	979	821	492	454	1,422	5,134
Borrowings	114,611	35,040	92,160	-	-	-	241,811
Financial Assets							-
Other financial assets	154	154	154	154	-	-	616
Total	186,694	36,620	92,827	338	454	1,422	318,355

Note 14 (continued)

Liquidity profile of financial instruments - Parent

The following tables detail the entity's liquidity profile based on undiscounted cash outflows at 30 June 2011 and 30 June 2010, assuming future interest cost on borrowings at 4.8% (2010: 4.8%) of the average debt for each period.

Parent 2011	Cash Flows						Total
	Less than one year $000	1-2 years $001	2-3 years $002	3-4 years $003	4-5 years $004	5+ years $005	$006
Financial liabilities							
Trade payables	182	-	-	-	-	-	182
Other payables	1,863	-	-	-	-	-	1,863
Other financial liabilities	50	45	45	45	12		198
Borrowings	2,112	2,112	46,112	-	-	-	50,336
Financial Assets							
Other financial assets	-	-	-	-	-	-	-
Total	4,207	2,157	46,157	45	12	-	52,579

Parent 2010	Cash Flows						Total
	Less than one year $000	1-2 years $001	2-3 years $002	3-4 years $003	4-5 years $004	5+ years $005	$006
Financial liabilities							
Trade payables	141	-	-	-	-	-	141
Other payables	1,753	-	-	-	-	-	1,753
Borrowings	44,431	-	-	-	-	-	44,431
Financial Assets							
Other financial assets	153	152	152				457
Total	46,172	(152)	(152)	-	-	-	45,868

NOTE 15

Disclosure for lessees

Leases

Operating leases relate to straddles and forklift trucks. The straddle lease is for a period of 10 years; the forklift truck lease terms are between 2 to 5 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the CentrePort Limited exercises its option to renew. CentrePort Limited does not have an option to purchase the leased asset at the expiry of the lease period.

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Non-cancellable operating lease payments				
Not longer than 1 Year	1,754	1,323	-	-
Longer than 1 year and not longer than 5 years	6,404	4,763	-	-
Longer than 5 years	3,786	4,388	-	-
	11,944	10,474	-	-

Disclosure for lessors

Future minimum lease payments under non-cancellable operating lease are as follows:	Group		Parent	
	2011	2010	2011	2010
Non- cancellable operating lease receipts:	$000	$000	$000	$000
Not later than 1 year	19,739	17,573	-	-
Later than 1 year and no later than 5 years	59,021	66,545	-	-
Later than 5 years	65,688	79,252	-	-
	144,448	163,370	-	-

NOTE 16

Intangible Assets

Group 2011	Cost	Accumulated Amortisation	Total
	$000	$000	$000
Opening	4,100	(3,459)	641
Additions	49	-	49
Disposals			-
Amortisation	-	(282)	(282)
Closing balance	4,149	(3,741)	408

Group 2010	Cost	Accumulated Amortisation	Total
	$000	$000	$000
Opening	4,006	(3,047)	959
Additions	94	-	94
Disposals			-
Amortisation	-	(412)	(412)
	-		
Closing balance	4,100	(3,459)	641

The amortisation expense is included in operating expenses in the Statement of comprehensive income (see Note 2).

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17

Reconciliation of surplus for the year with cash flows from operating activities

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Profit after tax before minority interest	88,853	9,444	(581)	(2,825)
Less Dividends declared	(1,205)	(1,196)	(1,204)	(1,196)
Add /(Less) Non Cash Items:				
Depreciation	9,393	9,570	-	-
Amortisation	282	412		
Impairment of fixed assets	-	-	-	-
(Gain)/loss on sale of property, plant & equipment	(69)	(9)	-	-
(Gain) on sale of medical waste	-	-	-	-
Fixed assets written off	-	-	-	-
Disposal costs of Investment properties	-	-	-	-
Gain on fair value movement financial instruments	3,903	7,691	457	794
Revaluation movements	6,206	102	1,129	3,224
Impairment of investments			-	-
Equity accounted earnings from associate companies	(324)	(404)	-	-
Deferred tax liability	32,889	3,784	-	-
Deferred tax asset		(1,582)		
(Increase)/decrease in value of investments	-		-	-
Bad debt expense	-		-	-
Change in provision for doubtful debt	47	13	-	-
Add /(Less) Movements in Working Capital:				
Accounts receivable	(2,933)	1,843	(4)	(146)
Accounts payable	1,620	(1,176)	41	112
Revenue in advance	-		-	-
Dividends receivable	-	-	65	376
Inventory	(9,280)	(29)	-	-
Borrowings	(198)	(106)	51	46
Taxation - refund	(101)	891	-	-
Financial Instruments	197		197	-
Greater Wellington Regional Council	1,209	(134)	-	-
Current account	-		(260)	(337)
Employee entitlements	295	124	-	-
Add /(Less) Items Classified as Investing and Financing Activities:				
Dividends paid/payable	8	(463)	8	(463)
Shareholder Subvention payable	(99)	112		
Increase/(decrease) in current accounts relating to financing activities	101	1,716	101	415
Accounts Payable related to Property, Plant & Equipment	(127,810)	(10,625)	-	-
Increase in Share Capital	13,346	1,264	-	-
Interest Capitalised			-	-
Accounts Receivable related to Property, Plant & Equipment	-	-	-	-
Net Cash Inflows From Operating Activities	16,330	21,242	-	-

NOTE 18

Related Parties

WRC Holdings Ltd is 100% owned by Greater Wellington Regional Council. During the year transactions between WRC Holdings Ltd and related parties included:

	Group		Parent	
	2011	2010	2011	2010
	$000	$000	$000	$000
Greater Wellington Regional Council				
Interest income on inter company current accounts	88	66	(19)	(9)
Rental income received	(1,672)	(1,611)	-	-
Proposed dividend	(1,204)	(1,196)	(1,204)	(1,196)
Payment for management fees	(352)	(268)	(57)	(55)
Payment for rent and services, CentrePort	107	96	-	-
Payment for use of navigational facilities, and guarantee of CentrePort borrowings	(1,054)	(626)	-	-
WRC Holdings Subsidiaries				
Dividend income from Port Investments Ltd and Pringle House Ltd	-	-	1,337	1,402
Interest income on Port Investments Ltd advance	-	-	1,934	1,840
CentrePac Ltd				
Income received from rent and services performed.	371	378	-	-
Payment received for payroll and support services	(19)	(8)	-	-
Transport Systems 2000 Ltd				
Income received from rent and services performed	1,134	1,026	-	-
Payment received for payroll and support services	70	61	-	-
Payment for services performed	(43)	(34)	-	-
Wellington Port Coldstore Limited				
Income received from rent and services performed.	170	165		
Contribution to plant development	-	-		

During the year subsidiary companies charged by way of lease rentals, $17.1 million to CentrePort (2010: $15.9 million). During the year CentrePort charged by way of a Management Fee $1.2 million to its subsidiary company (2010: $1.2 million).

All transactions with related parties have been carried out on normal commercial terms.

At year-end the following outstanding balances with related parties were recorded as an asset / (liability):

	2011	2010
	$000	$000
Greater Wellington Regional Council and Subsidiaries	(191)	-
CentrePac Limited	-	4
Transport Systems 2000 Limited	(2)	18

The compensation of the Directors and executives, being the key management personnel of CentrePort, is set out below:

	2011	2010
	$000	$000
Short-term employee benefits	2,092	1,955
Total Key Management Personnel Compensation	2,092	1,955

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19
Contingent Liabilities
The following contingent liabilities existed at 30 June 2011:

Parent Company
The parent company has uncalled capital in Port Investments Ltd of $10,000,100 (2010: $10,000,100).
The parent company has uncalled capital in Greater Wellington Rail of $5,985,900 composed of 22,170,000 $1 shares unpaid to 27cents and has reduced by 60.2c from 87.2 cents in 2011.

Subsidiary Companies - CentrePort Ltd
The Fire Service Commission has indicated it does not consider the basis by which the Ports Insurance Collective (of which CentrePort is a part) calculates fire service levies to be compliant with the Fire Services Act. The Ports Collective has obtained legal advice that the basis for determining levies is in fact compliant with the Act and has initiated judicial proceedings to establish this position. Should the judicial proceedings find in favour of the Fire Service Commission CentrePort would be liable for additional levies of $200,000.

At balance date CentrePort Limited had contingent liabilities of $750,000 being shares in Wellington Port Coldstore Limited subscribed but not paid (2010: $750,000).

Capital Commitments
The following capital commitments existed at 30 June 2011:

Parent Company
The parent company has no capital commitments (2010: Nil).

Subsidiary Companies - CentrePort Ltd
At balance date commitments in respect of contracts for capital expenditure are $1.1 million (2010: $5.6 million). These relate to works being carried out on the Aotea Quay and Thorndon Container Wharf fender replacement project (2010: Customhouse Building development).

Subsidiary Companies - Pringle House Ltd
There were no contractual commitments at balance date (30 June 2010: $33,000).

Subsidiary Companies - Greater Wellington Rail Ltd
Estimated contractual commitments at balance date but not provided were $150,996,000 (2010: $190,168,000).

NOTE 20

Subsequent Events

CentrePort Limited has entered into a conditional sale with the Accident Compensation Corporation to sell 50% of three investment properties for $75 million. Subsequent to year end the shareholders approved the transaction and the agreement has become unconditional. The settlement date is 1 September 2011 and the proceeds will be used to repay a portion of the Group's debt facility that expires in November 2011. The sale is by way of the issuance of $75m of mandatory convertible notes (MCNs) by special purpose vehicles Harbour Quays F1F2 Limited, Harbour Quays A1 Limited, and Harbour Quays D4 Limited, which are wholly owned by the Parent. The total asset value of the three buildings concerned is $151m.

CentrePort has declared a final dividend of $700,000 post balance date.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

NOTE 21

Significant Transactions

At 30 June 2011 Greater Wellington Rail Limited a 100% owned company purchased metropolitan rail assets from KiwiRail owned by the Government. The consideration for these assets which includes stations, platforms, and rail rolling stock was for a nominal consideration of $1.

The assets have been brought on to Greater Wellington Rail Limited books via the statement of comprehensive income. A valuation was undertaken on 30 June 2011 by Halcrow Pacific Pty limited for the rail rolling stock and by Bayleys Valuations Limited for the non rail assets. The valuation of these assets amounted to $74,958,000 and is reflected in the increased value of investments. The value of the stock was agreed at $8,498,000.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22

Impact of changing financial reporting status

WRC Holdings and GW Rail limited have reviewed their financial reporting status. It has been determined that reporting as a public benefit entity better reflects the nature of the major transactions in the entity.

The impacts of changing GW Holdings and GW Rail from profit oriented entities to a public nenefit entities are:

Capital grants and subsidies are recognised fully in the income statement when received and not held in the balance sheet and spread over the assets life

Deferred tax liabilities arise due to the accounting profit being made by recognising the capital grants and subsidies in the year they are received

Adjustments compared to Profit oriented entity	2010
	$000
Statement of Comprehensive Income	
Grants and Subsidies - Revenue	8,695
Donated stock	-
Taxation expense	(1,477)
Impact on Profit	7,218
Statement of changes in Equity	
Retained Earnings	
Opening Balance*	34,373
Profit for Year	7,218
Closing Balance	41,591
Statement of financial position	
Retained Earnings Increase	41,591
Current Liabilities	
Deferred Income	(3,770)
Non Current Liabilities	
Deferred Income	(53,780)
Deferred Income tax	15,959
	(37,821)
Net liabilities decrease	(41,591)
	-

	2010	2009
*Opening Retained Earnings Adjustment	$000	$000
Retained Earnings	41591	34,373
Deferred Income	(57,550)	(48,855)
Deferred Income tax	15959	14,482
	-	-

WRC HOLDINGS LIMITED
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2011

Compliance

The Company has breached the Local Government Act 2002 in that audited financial statements were not available within 3 months of the 30 June 2011 balance date required under section 67 (1). All other statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Group accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Perfomance and the judgements used in them.

The Directors have authority to sign these financial statements.

The Directors and management of the Company accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Directors and management of the Company, the annual Financial Statements and the Statement of Service Perfomance for the year ended 30 June 2011 fairly reflect the financial position and operations of the Company.

Director	______________________	October 20, 2011
Director	______________________	October 20, 2011
Chief Financial Officer	______________________	October 20, 2011