Greater Wellington Rail Limited
Financial Statements
for the year ended 30 June 2019

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Directors	Appointed
S H Sharif (Retired 7 December 2018)	12 August 2015
P M Lamason (Chairperson)	23 November 2010
B H Donaldson	11 December 2013
R W G Blakeley	14 December 2016
I D McKinnon	14 December 2016
H M Mexted	24 June 2019
N S W Ward	24 June 2019
N O Leggett	12 October 2017

Registered office

Shed 39, 2 Fryatt Quay,
Pipitea, Wellington 6011

Auditor

Jacques Coetzee
Audit New Zealand
on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Ltd

The Directors have pleasure in submitting their 2019 Annual Report and Financial Statements.

Principal Activities

Greater Wellington Rail Limited's (the Company) principal activities during the period were the ownership and management of its rail rolling stock and rail infrastructure assets. The objectives of the Company are to own and maintain rail rolling stock and rail infrastructure and to make these available for lease to a commercial rail operator.

The Company was incorporated on 3rd August 2006.

Results and Distributions

	2019	2018
	$'000	$'000
Net surplus / (deficit) after tax for the financial year	**(18,381)**	(13,829)

STATEMENT OF SERVICE PERFORMANCE

Operational Performance Targets

Level of Service	2018/19 Target	2018/19 Result
CUSTOMER SATISFACTION WITH RAIL ASSETS		
Percentage of passengers who are satisfied with their current trip	92%	89%
Percentage of customers who are satisfied with the cleanliness of the trains	93%	93%
Percentage of passengers who are satisfied with the overall station	91%	94%
Percentage of passengers who are happy with the cleanliness of the station	80%	89%
Percentage of customers feel safe while using the station facility	89%	91%
Percentage of passengers who are satisfied with the information at the station	89%	86%
ROLLING STOCK- ASSET MANAGEMENT		
Matangi Mean Distance between failure	40,000 km	38,123
Carriage - Mean distance between failure	80,000	80,829

RAIL FIXED ASSET - ASSET MANAGEMENT		
Percentage of stations with CCTV coverage	81%	81% of Stations 50% of Park & Ride
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	36%	44%
Average condition grade of:		
Station buildings and shelter	2.5	2.3*
Structures (subways & bridges)	2.5	Not achieved**
Park & Ride	2.5	2.3*

RAIL FIXED ASSET - ASSET MANAGEMENT		
Percentage of assets in condition grade 4 (Poor) or worse		
Station buildings and shelters	10%	Not achieved**
Structures (subways & bridges)	12%	Not achieved**
Park & Ride	29%	13.7%
*A formal assessment is undertaken on a three year cycle with an external provider. This was completed in the year ended 30 June 2018.As part of our ongoing measurement of assets we are continually assessing the condition of the assets. As at 30 June 2019 there has been no indication, from our internal desktop review, that the average condition assessment has materially changed from the external assessment completed in the year ended 30 June 2018. **Internal desktop assessment has indicated that the percentage of assets in condition grade 4 or worse and average condition grade of structures has worsened, as a result of further information being available and resulting in the target not being achieved.		

Financial performance targets

	Actual 2019	**Target 2019**	Actual 2018
Operating expenditure ($ million)	**37.5**	**37.7**	37.5
Capital expenditure ($ million)	**13.5**	**30.7**	7.2
Shareholder fund to total asset(1)	**79.6%**	**83.0%**	81.0%

(1) Based on total equity divided by total assets.

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2019:

P M Lamason
Wellington Regional Council (Councillor)

Hutt Mana Charitable Trust (Deputy Chair and Trustee)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

Hutt Valley District Health Board

B H Donaldson
Wellington Regional Council (Councillor)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

I D McKinnon
Wellington Regional Council (Councillor)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

R W G Blakeley
Wellington Regional Council (Councillor)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

Capital and Coast District Health Board (Member)

S H Sharif (retired)
Motor Trades Association Group (Director)

Flirtey Limited (Director)

Coastal Oil Logistics Limited (Independent advisor)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

Animal Control Products Limited (Director)

NZ Standards Board Approval Board (Member)

NZ Institute of Safety Management Inc (Member of Advisory Board)

MTA Group Investments Limited (Director)

Everest Enterprises Lmited (Director and shareholder)

N O Leggett
WRC Holdings Limited (Director)

Port Investments Limited (Director)

Hutt Mana Charitable Trust (Trustee)

Spark Foundation (Member)

NZ Alcohol Beverages Council (Executive Director)

MITO Industry Training (Director)

Road Transport Forum (Cheif Executive)

H M Mexted
WRC Holdings Limited (Director)

Port Investments Limited (Director)

New Zealand Walking Access Commission (Board Member)

Ministry of Social Development (General Manager Communications and Engagement)

N S W Ward
WRC Holdings Limited (Director)

Port Investments Limited (Director)

Youth Hostel Association (Director)

St John of God Hauora Trust (Board Member)

Directors' Interest Register
Directors have had no interest in any transaction or proposed transaction of the Company.

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

Directors' Indemnity and Insurance
Insurance is in place to indemnify the Directors from any liability resulting from any act or omission in their capacity as Directors.

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 Jacques Coetzee of Audit New Zealand to undertake the audit.

For and on behalf of the Board.

Director
26 September, 2019

Director
26 September, 2019

Greater Wellington Rail Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Revenue			
Total revenue	2	18,005	18,784
Expenditure			
Depreciation		18,961	18,572
Audit Fees	4	18	18
Directors Fees	5	12	16
Repairs and Maintenance		13,219	14,771
Rates and Insurance		819	611
Other Operating Expenses		3,847	2,950
Tax services		26	36
Legal Fees		7	35
Interest Expense		47	43
Loss on disposal of asset	3	523	406
Total operating expenses		37,479	37,458
Net surplus / (deficit) before tax		(19,474)	(18,674)
Income tax benefit / (expense)	6	1,093	4,845
Net surplus / (deficit) after tax		(18,381)	(13,829)
Other comprehensive revenue and expenditure			
Revaluation reserve movement		60,262	-
Deferred tax recognised in reserves		(16,874)	-
		43,388	-
Total comprehensive income for the year		25,007	(13,829)

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

Greater Wellington Rail Limited
Statement of Changes in Equity
For the year ended 30 June 2019

	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total attributable to equity holders $'000
Equity as at 1 July 2018	221,903	4,908	102,970	329,781
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(18,381)	(18,381)
- Revaluation reserve movement	-	60,262	-	60,262
Deferred tax on other comprehensive revenue	-	(16,874)	-	(16,874)
Equity contribution by the owners during the year	12,700	-	-	12,700
Equity as at 30 June 2019	234,603	48,296	84,589	367,488
Equity as at 1 July 2017	214,453	4,908	116,799	336,160
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(13,829)	(13,829)
- Revaluation reserve movement	-	-	-	-
Equity contribution by the owners during the year	7,450	-	-	7,450
Equity as at 30 June 2018	221,903	4,908	102,970	329,781

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

Greater Wellington Rail Limited
Statement of Financial Position
As at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		-	1
Trade and other receivables	7	268	97
Current account Wellington Regional Council		-	2,170
Total current assets		268	2,268
Non-current assets			
Property, plant and equipment	8	461,244	406,788
Intangible assets	10	17	158
Total non-current assets		461,261	406,946
Total assets		461,529	409,214
LIABILITIES			
Current liabilities			
Accrued expenses and payables		2,518	4,641
Current account Wellington Regional Council		950	-
		3,468	4,641
Total current liabilities		3,468	4,641
Non-current liabilities			
Deferred taxation liability	9	90,573	74,792
Total non-current liabilities		90,573	74,792
Total liabilities		94,041	79,433
Net assets		367,488	329,781
EQUITY			
Ordinary share capital	11	234,603	221,903
Reserves		48,297	4,908
Retained earnings		84,588	102,970
Total equity		367,488	329,781

For, and on behalf of, the Board of Directors.

Director
26 September, 2019

Director
26 September, 2019

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

Greater Wellington Rail Limited
Statement of Cash Flows
For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Rent income		**6,390**	6,599
Interest received		**4**	1
Subsidiary revenue		**11,611**	12,184
		18,005	18,784
Cash was applied to:			
Payments to suppliers		**(20,243)**	(17,472)
Interest paid		**(47)**	(42)
Net cash flow from operating activities	12	**(2,285)**	1,270
Cash flow from investing activities			
Purchase of property, plant & equipment		**(13,536)**	(7,079)
Purchases of intangible assets		**-**	(158)
Net cash flow from investing activities		**(13,536)**	(7,237)
Cash flow from financing activities			
Cash was provided from:			
Issue of ordinary share capital		**12,700**	7,450
Movement in accounts receivable		**-**	-
Cash was applied to:			
Movement in current account Wellington Regional Council		**3,120**	(1,483)
Net cash flow from financing activities		**15,820**	5,967
Net increase (decrease) in cash, cash equivalents & bank overdraft		**(1)**	-
Add opening balance in cash, cash equivalents & bank overdraft		**1**	1
Cash, cash equivalents & bank overdraft at year end		**-**	1

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

1 Summary of significant accounting policies

(a) Basis of preparation

REPORTING ENTITY

Greater Wellington Rail Ltd is registered under the Companies Act 1993 and is a wholly owned subsidiary of WRC Holdings Ltd, which in turn is a wholly owned subsidiary of the Wellington Regional Council. Greater Wellington Rail Ltd principal address is 2 Fryatt Quay, Wellington, New Zealand.

The Company is a council controlled trading organisation as defined in section 6 of the Local Government Act 2002.

Greater Wellington Rail Ltd provides rail rolling stock and infrastructure assets to the Greater Wellington region for community and social benefits through a rail operator, rather than to make a financial return. Accordingly Greater Wellington Rail has designated itself as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit accounting standards (PBE Accounting Standards).

The financial statements have been prepared on the going concern basis. Accounting policies have been applied consistently throughout the period.

The directors are in receipt of a letter of ongoing support from its ultimate controlling entity the Greater Wellington Regional Council. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

STATEMENT OF COMPLIANCE

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with Tier 1 PBE accounting standards, and comply with PBE Standards.

MEASUREMENT BASE

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

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

ACCOUNTING POLICIES

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

(b) Revenue recognition

Revenue is recognised when billed or earned on an accrual basis.

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

(c) Finance costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

(d) Income tax

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 company has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

1 Summary of significant accounting policies (continued)

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.

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 Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

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.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposit held at call with banks.

(f) Receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

(g) Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

Operational assets – These include buildings and plant and equipment.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by the company. Each asset class includes all items that are required for the network to function. For example, rail infrastructure includes subways and carparks.

Rail Rolling Stock - These include carriages, luggage vans and Matangi trains.

1 Summary of significant accounting policies (continued)

Revaluation

Operational assets and rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every five years.

GWRL public transport rail station infrastructural assets and rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2019 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than capital works in progress, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Rail Rolling Stock	5 to 30 years
Rail Infrastructure	3 to 150 years
Capital work in progress	Not depreciated.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

1 Summary of significant accounting policies (continued)

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

(h) Intangible assets

Accounting policy

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the company's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	3 to 5 years

1 Summary of significant accounting policies (continued)

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

(i) Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

(j) Goods and Services Tax (GST)

The Company is part of the Wellington Regional Council GST Group. All items in the financial statements are exclusive of GST.

Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

(k) Payables

Short-term creditors and other payables are recorded at their face value.

(l) Significant Assumptions and Estimates

In preparing these financial statements, we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

In the process of applying the accounting policies, we have made judgements or estimates relating to the estimated useful life of property, plant and equipment. The judgements are disclosed in the notes to the Financial Statements.

2 Revenue from exchange and non-exchange transactions

	2019 $'000	2018 $'000
Rental - Trains (exchange)	6,390	6,599
Grants & subsidies revenue (non-exchange)	11,611	12,184
Interest received (exchange)	4	1
	18,005	18,784

3 Gain / (loss) on rail assets

	2019 $'000	2018 $'000
Loss on disposal of rail assets	(523)	(406)

4 Audit fees

	2019 $'000	2018 $'000
Audit New Zealand - audit services	18	18

5 Related party transactions

100% of the grants revenue was provided by Wellington Regional Council, the ultimate parent company. At year end Wellington Regional Council is owed $950,000 by the company (2018: The Company is owed $2,170,000 by Wellington Regional Council). Interest is calculated on the outstanding balances utilising a monthly floating 30 day rate bill rate.

The company pays a management fee of $53,196 (2018: $53,000) to Wellington Regional Council for administrative and management services, meeting expenses and travel reimbursement.

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

P M Lamason, B H Donaldson, I D McKinnon and R W G Blakeley received councillor remuneration from Wellington Regional Council in accordance with the Local Government Elected Members Determination of 2018, any out of pocket expenses incurred are set out in Wellington Regional Council's policy on elected members' allowances and expenses.

Directors' fees

	2019 $000	2018 $000
S H Sharif	6	11
N O Leggett	6	5
	12	16

6 Income tax

	2019 $'000	2018 $'000
(a) Tax (benefit) / expense comprises:		
Current tax expense / (income)	**-**	-
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**(1,173)**	(4,490)
Adjustments recognised in the current period in relation to the deferred tax of prior periods	**80**	(355)
Total income tax (benefit) / expense	**(1,093)**	(4,845)

(b) 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:

	2019 $'000	2018 $'000
(Deficit) / surplus from operations before tax	**(19,474)**	(18,674)
Income tax (benefit) / expense calculated at 28%	**(5,453)**	(5,229)
Non-deductible expenses	**3,248**	3,409
Non assessable income	**(3,248)**	(3,409)
Temporary differences	**4,280**	739
(Over) / under provision of income tax in previous period	**80**	(355)
Income tax expense	**(1,093)**	(4,845)

The 2019 financial statements do not include any loss offsets received from other group companies (2018: Nil).

7 Trade and other receivables

	2019 $'000	2018 $'000
Trade customers (exchange)	**268**	382
Less: provision for impairment of receivables	**-**	(285)
	268	97

8 Property, plant and equipment

	Rolling stock	Transport infrastructure	Work in Progress	Total
Year ended 30 June 2018				
Opening net book amount	346,477	62,064	9,782	418,323
Transfers	1,274	4,514	(5,906)	(118)
Additions	1,033	1,550	4,572	7,155
Written off	(4,715)	-	-	(4,715)
Net depreciation expense	(14,522)	(4,050)	-	(18,572)
Transfers	4,715	-	-	4,715
Closing net book amount	334,262	64,078	8,448	406,788
At 30 June 2018				
Cost	383,920	78,429	8,448	470,797
Accumulated depreciation	(49,658)	(14,351)	-	(64,009)
Net book amount	334,262	64,078	8,448	406,788
Year ended 30 June 2019				
Opening net book amount	334,262	64,078	8,448	406,788
Revaluation / Impairment	41,994	18,269	-	60,263
Additions/Transfers	4,026	14,058	(4,407)	13,677
Written off	(1,559)	(1,486)	-	(3,045)
Net depreciation expense	(13,398)	(3,041)	-	(16,439)
Closing net book amount	365,325	91,878	4,041	461,244
Cost	365,325	91,878	4,041	461,244
Accumulated depreciation	-	-	-	-
Net book amount	365,325	91,878	4,041	461,244

9 Deferred tax

	2019 $'000	2018 $'000
The balance comprises temporary differences attributable to:		
Deferred tax assets comprise:		
Tax losses	**10,351**	7,985
Temporary differences	**-**	80
Total deferred tax assets	**10,351**	8,065

	2019 $'000	2018 $'000
Deferred tax liabilities comprise:	**-**	-
Temporary differences	**(100,924)**	(82,857)
Total deferred tax liabilities	**(100,924)**	(82,857)

	Property, plant and equipment $'000	Tax losses $'000	Provisions $'000	Total $'000
At 1 July 2017	(85,627)	5,990	-	(79,637)
Charged to income	2,770	1,995	80	4,845
At 30 June 2018	(82,857)	7,985	80	(74,792)

Movements - Entity	Property, plant and equipment $'000	Tax losses $'000	Provisions $'000	Total $'000
At 1 July 2018	(82,857)	7,985	80	(74,792)
Charged to income	(1,193)	2,366	(80)	1,093
Charged/(credited) to other comprehensive income	(16,874)	-	-	(16,874)
At 30 June 2019	**(100,924)**	**10,351**	**-**	**(90,573)**

The Company does not have any unrecognised tax losses or deductible temporary differences (2018: Nil).

The company has no imputation credits at the balance date (2018: Nil)

10 Intangible assets

	Computer software $'000	Total $'000
Year ended 30 June 2018		
Opening net book amount	-	-
Additions	158	158
Closing net book amount	158	158
At 30 June 2018		
Cost	158	158
Net book amount	158	158

	2019 Computer software $'000	Total $'000
Year ended 30 June 2019		
Opening net book amount	158	158
Additions	2	2
Disposal and transfer	(143)	(143)
Closing net book amount	17	17
Cost	17	17
Accumulated amortisation and impairment	-	-
Net book amount	17	17

11 Share capital

	2019 Shares	2018 Shares	2019 $'000	2018 $'000
(a) Share capital				
Ordinary shares				
22,170,000 $1 shares, fully paid	**22,170,000**	22,170,000	**22,170**	22,170
5,309,283 $1 shares, fully paid	**5,309,283**	5,309,283	**5,309**	5,309
8,000,000 $1 shares, fully paid	**8,000,000**	8,000,000	**8,000**	8,000
170,200,000 $1 shares, fully paid	**170,200,000**	158,374,024	**170,200**	158,374
11,250,000 $1 shares, fully paid	**11,250,000**	11,250,000	**11,250**	11,250
6,700,000 $1 shares, fully paid	**6,700,000**	6,700,000	**6,700**	6,700
10,100,000 $1 shares fully paid	**10,100,000**	10,100,000	**10,100**	10,100
19,000,000 $1 shares partly paid	**874,024**	-	**874**	-
	234,603,307	221,903,307	**234,603**	221,903

12 Reconciliation of cash flows from operating activities to net surplus / (deficit) after tax

	2019 $'000	2018 $'000
Net surplus (deficit) after taxation	**(18,381)**	(13,829)
Add back non-cash items:		
Depreciation	**18,960**	18,572
Inventory adjustment	**-**	-
(Gain)/loss on sale of fixed asset	**523**	41
Deferred tax	**(1,093)**	(4,845)
Add /(less) movement in working capital:		
(Increase) / decrease in inventory	**-**	-
(Increase) / decrease in accrued expenditure	**(2,122)**	1,328
Increase / (decrease) in account receivable	**(172)**	3
Add/(less) items classified as investing or financing activities		
Increase in share capital	**-**	-
Net cash inflow from operating activities	**(2,285)**	1,270

13 Contingent asset and liabilities

The contingent liabilities of the Company at 30 June 2019 were nil (2018: $Nil).

At balance date there was uncalled capital of $18,125,976 relating to 18,125,976 $1 shares uncalled. (2018: uncalled capital of $11,825,976 relating to 11,825,976 $1 shares uncalled).

14 Commitments

The amount of contractual commitments is as follows:

Capital commitments

	2019 $'000	2018 $'000
Rail infrastructure	**-**	1,409
Rail rolling stock - heavy maintenance	**67,847**	70,233
	67,847	71,642

Operating leases as leasee

The company lease buildings and plant and equipment in the normal course of its business. These leases have a non-cancellable term of between 1 to 25 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2019 $'000	2018 $'000
Not longer than 1 year	**29**	34
Later than one year and not later than five years	**88**	90
Later than five years	**332**	338
	449	462

14 Commitments (continued)

Operating leases as lessor

The company leases its trains and buildings under operating leases. These leases have a non-cancellable term of between 1 to 25 years The future aggregated minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2019 $'000	2018 $'000
Not later than one year	**6,309**	6,212
Later than one year and not later than five years	**26,223**	25,769
Later than five years	**6,921**	13,546
	39,453	45,527

15 Financial risk management

(a) Market risk

The interest rate risk is limited to the bank balance.

(b) Currency risk

The Company has no currency risk. Contracts are denominated in New Zealand dollars. Any currency risk is managed by the Wellington Regional Council on the Company's behalf. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

(c) Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

(d) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The bank account is at a variable interest rate. The Company has no investments or borrowings exposed to market interest rate risk.

(e) Credit risk

The only credit risk is on Wellington Regional Council, the Company's owner. Credit risk is the risk that a third party will default on its obligation causing a loss to occur.

(f) Liquidity risk

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. The Greater Wellington Regional Council provides funds as and when commitments fall due. The company also has an ongoing Letter of Support from the Council undertaking to provide financial support to the Company for any unforeseen expenditure that could place the Company into a cash deficit position.

16 Events occurring after the 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.

Compliance

The Directors and management of the Company confirm that all the 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 Performance 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 Performance for the year ended 30 June 2019 fairly reflect the financial position and operations of the Company.

Director	Director	Chief Financial Officer
26 September, 2019	26 September, 2019	26 September, 2019

Auditors' report

To the shareholders of Greater Wellington Rail Limited