Greater Wellington Rail Limited
Financial Statements
for the year ended 30 June 2021

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Directors	Appointed
P M Lamason (Chairperson)	23 November 2010
R W G Blakeley	14 December 2016
H M Mexted	24 June 2019
N S W Ward	24 June 2019
N O Leggett	12 October 2017
G Hughes	20 November 2019
C Kirk-Burnnand	20 November 2019

Registered office

100 Cuba Street
Te Aro, Wellington, 6011

Auditor

Clint Ramoo
Audit New Zealand
on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Ltd

The Directors have pleasure in submitting their 2021 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

	2021 $'000	2020 $'000
Net surplus / (deficit) after tax for the financial year	**(16,772)**	(16,853)

STATEMENT OF SERVICE PERFORMANCE

Operational Performance Targets

Level of Service	**2020/21 Target**	**2020/21 Result**	**2019/20 Result***	**2019/20 Interim Result****
Percentage of passengers who are satisfied with their current trip	≥92%	95%	Not Measured*	93%
Percentage of customers who are satisfied with the cleanliness of the trains	≥93%	95%	Not Measured*	95%
Percentage of passengers who are satisfied with the overall station	≥91%	95%	Not Measured*	96%
Percentage of passengers who are happy with the cleanliness of the station	≥85%	92%	Not Measured*	90%
Percentage of customers feel safe while using the station facility	≥89%	93%	Not Measured*	94%
Percentage of passengers who are satisfied with the information at the station	≥89%	91%	Not Measured*	89%
ROLLING STOCK- ASSET MANAGEMENT				
Matangi Mean Distance between failure	≥40,000km	66,707	56,463 km	56,463 km
Carriage - Mean distance between failure	≥80,000km	375,031	201,262 km	201,262 km

*The measure requires the satisfaction survey to be run throughout the year. Until December 2019, performance against the measures was achieved. The May 2020 annual passenger satisfaction survey could not be undertaken due to COVID-19 restrictions hence the "Not measured" result.

** An interim survey, using the same methodology as the annual survey, was carried out in November 2019 (pre-COVID-19 disruptions) across the whole rail network. These results are therefore comparable to the full-year results normally generated from the annual survey in May. The November 2019 'interim' results indicate that pre-COVID-19 disruptions we achieved all our rail customer satisfaction targets

Percentage of stations with CCTV coverage	98%	96%****	96%	96%
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	64%	67%	52%	52%
Average condition grade of: Station buildings and shelter Structures (subways & bridges) Park & Ride	≤2.5 ≤2.5 ≤2.5	1.5 2.5 2.0	1.7 2.4 2.2	1.7 2.4 2.2
Percentage of assets in condition grade 4 (poor) or worse Station buildings and shelters Structures (subways & bridges) Park & Ride	6% 8% 20%	3% 11%***** 5%	0% 16%*** 10%	0% 16%*** 10%

*** Bridge works were delayed due to the COVID-19 lockdown restrictions.
**** Two of the 48 stations are not likely to get CCTV as they do not have internet access
***** This target was not achieved due to on-site technical challenges delaying bridge work activities

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2021:

P M Lamason
Wellington Regional Council (Councillor)

WRC Holdings Limited (Director)

Hutt Valley District Health Board (Member)

R W G Blakeley
Wellington Regional Council (Councillor)

WRC Holdings Limited (Director)

Capital and Coast District Health Board (Member)

Transpower New Zealand Limited (Director)

N O Leggett
WRC Holdings Limited (Director)

Hutt Mana Charitable Trust (Trustee)

Road Transport Forum (Chief Executive)

Bulterant Trust (Trustee & Beneficiary)

H M Mexted
WRC Holdings Limited (Director)

New Zealand Walking Access Commission (Board Member)

Glenora Limited (Shareholder)

N S W Ward
WRC Holdings Limited (Director)

St John of God Hauora Trust (Board Member)

McIntosh Ward & Associates Limited (Shareholder & Director)

Youth Hostel Association New Zealand (Board Member)

G Hughes

Hamana Trustees Limited (Shareholder & Director)

Rostrevor Roof Limited (Shareholder & Director)

Collingwood Rentals Limited (Shareholder & Director)

Irico Limited (Shareholder)

WRC Holdings Limited (Director)

Collingwood Promotions Limited (Shareholder & Director)

C Kirk-Burnnand

Autostop Holdings Limited (Shareholder & Director)

Autostop Tasman Limited (Director)

Autostop Caspian Limited (Director)

Autostop Baltic Limited (Director)

Autostop Pacific Limited (Director)

Autostop Arctic Limited (Director)

Autostop Group Limited (Director)

Autostop Motors Limited (Director)

Patricia Mcdonnell Trustee Company Limited (Shareholder & Director)

PI North Limited (Director)

PI Ross Limited (Director)

Porirua Foundation Administration Limited (Director)

Property Logic Limited (Shareholder & Director))

WRC Holdings Limited (Director)

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 Clint Ramoo of Audit New Zealand to undertake the audit.

For and on behalf of the Board.

Director
9 December, 2021

Director
9 December, 2021

Greater Wellington Rail Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Revenue			
Total revenue	2	20,087	19,397
Expenditure			
Depreciation		20,855	20,830
Audit Fees	4	26	18
Directors Fees	5	23	21
Repairs and Maintenance		14,041	13,819
Rates and Insurance		667	826
Other Operating Expenses		5,205	4,902
Tax services		66	45
Legal Fees		6	3
Interest Expense		11	16
Loss on disposal of asset	3	52	-
Total operating expenses		40,952	40,480
Net surplus / (deficit) before tax		(20,865)	(21,083)
Income tax benefit / (expense)	6	4,093	4,230
Net surplus / (deficit) after tax		(16,772)	(16,853)
Other comprehensive revenue and expenditure			
Revaluation reserve movement		-	-
Deferred tax recognised in reserves		-	-
Total comprehensive income for the year		(16,772)	(16,853)

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 2021

	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total attributable to equity holders $'000
Equity as at 1 July 2020	251,603	48,138	69,573	369,314
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(16,772)	(16,772)
- Revaluation reserve movement	-	-	-	-
Deferred tax on other comprehensive revenue	-	-	-	-
Equity contribution by the owners during the year	16,400	-	-	16,400
Equity as at 30 June 2021	268,003	48,138	52,802	368,942
Equity as at 1 July 2019	234,603	48,138	86,426	369,167
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(16,853)	(16,853)
- Revaluation reserve movement	-	-	-	-
- Transfers	-	-	-	-
Equity contribution by the owners during the year	17,000	-	-	17,000
Equity as at 30 June 2020	251,603	48,138	69,573	369,314

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

Greater Wellington Rail Limited
Statement of Financial Position
As at 30 June 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Current account Wellington Regional Council		569	1,550
Total current assets		569	1,550
Non-current assets			
Property, plant and equipment	7	452,467	456,878
Intangible assets	8	10	14
Total non-current assets		452,477	456,892
Total assets		453,046	458,442
LIABILITIES			
Current liabilities			
Accrued expenses and payables		3,533	4,465
Total current liabilities		3,533	4,465
Non-current liabilities			
Deferred taxation liability	9	80,570	84,663
Total non-current liabilities		80,570	84,663
Total liabilities		84,103	89,128
Net assets		368,943	369,314
EQUITY			
Ordinary share capital	10	268,003	251,603
Reserves		48,139	48,139
Retained earnings		52,801	69,572
Total equity		368,943	369,314

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

Director
9 December, 2021

Director
9 December, 2021

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 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Rent income		**6,556**	6,439
Interest received		**-**	4
Subsidies revenue		**13,531**	12,954
Receipts from customers		**-**	268
		20,087	19,666
Cash was applied to:			
Payments to suppliers		**(21,069)**	(17,689)
Interest paid		**(11)**	(16)
Net cash flow from operating activities	11	**(993)**	1,961
Purchase of property, plant & equipment		**(16,491)**	(16,461)
Purchases of intangible assets		**-**	-
Cash flow from financing activities			
Cash was provided from:			
Movement in current account Wellington Regional Council		**1,084**	(2,500)
Issue of ordinary share capital		**16,400**	17,000
Net cash flow from financing activities		**17,484**	14,500
Net increase (decrease) in cash, cash equivalents & bank overdraft		**-**	-
Add opening balance in cash, cash equivalents & bank overdraft		**-**	-
Cash, cash equivalents & bank overdraft at year end		**-**	-

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 100 Cuba Street, 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, 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) 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.

(c) 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.

2 Revenue from exchange and non-exchange transactions

Accounting policy

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.

	2021 $'000	2020 $'000
Rental - Trains (exchange)	6,556	6,439
Grants & subsidies revenue (non-exchange)	13,531	12,954
Interest received (exchange)	-	4
	20,087	19,397

3 Gain / (loss) on rail assets

	2021 $'000	2020 $'000
Loss on disposal of rail assets	(52)	-

4 Audit fees

	2021 $'000	2020 $'000
Audit New Zealand - audit services	26	18

5 Related party transactions

100% of the grants revenue was provided by Wellington Regional Council, the ultimate parent company. At year end The Company is owed $569,000 by Wellington Regional Council (2020: $1,550,000). Interest is calculated on the outstanding balances utilising a monthly floating 30 day rate bill rate. The net interest paid to Wellington Regional Council during the year is $11,062 (2020: $11,977)

The company pays a management fee of $54,192 (2020: $54,048) 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, R W G Blakeley, G Hughes and C Kirk-Burnnand received councillor remuneration from Wellington Regional Council in accordance with the Local Government Elected Members Determination of 2019, any out of pocket expenses incurred are set out in Wellington Regional Council's policy on elected members' allowances and expenses.

Directors' fees

	2021 $000	2020 $000
N O Leggett	7	7
H M Mexted	7	7
N S W Ward	7	7
	21	21

6 Income tax

Accounting policy

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.

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.

	2021 $'000	2020 $'000
(a) Tax (benefit) / expense comprises:		
Current tax expense / (income)	-	-
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**(4,093)**	(4,230)
Adjustments recognised in the current period in relation to the deferred tax of prior periods	-	-
Total income tax (benefit) / expense	**(4,093)**	(4,230)
(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:		
(Deficit) / surplus from operations before tax	**(20,865)**	(21,083)
Income tax (benefit) / expense calculated at 28%	**(5,842)**	(5,903)
Non-deductible expenses	**3,786**	3,625
Non assessable income	**(3,786)**	(3,625)
Temporary differences	**1,749**	1,673
(Over) / under provision of income tax in previous period	-	-
Income tax expense	**(4,093)**	(4,230)

The 2021 financial statements do not include any loss offsets received from other group companies (2020: Nil).

7 Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

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

Revaluation

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 three to 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 company 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 company 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 ofthe 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	5-30 years
- Rail Infrastructure	3-150 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.

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.

7 Property, plant and equipment (continued)

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.

7 Property, plant and equipment (continued)

	Rolling stock	Transport infrastructure	Work in Progress	Total
Cost	365,325	91,878	4,041	461,244
Accumulated depreciation	-	-	-	-
Year ended 30 June 2020				
Opening net book amount	365,325	91,878	4,041	461,244
Transfers	-	-	-	-
Additions	-	3,683	12,777	16,460
Written off	-	-	-	-
Net depreciation expense	(16,645)	(4,181)	-	(20,826)
Transfers	348,680	91,380	16,818	456,878
Closing net book amount				
Cost	365,325	95,561	16,818	477,704
Accumulated depreciation	(16,645)	(4,181)	-	(20,826)
At 30 June 2020	348,680	91,380	16,818	456,878
Year ended 30 June 2021				
Opening net book amount	348,680	91,380	16,819	456,879
Revaluation surplus	-	-	-	-
Additions/ transfers	10,469	12,409	(6,388)	16,490
Written Off	-	(52)	-	(52)
Net depreciation expense	(16,645)	(4,205)	-	(20,850)
Cost	342,504	99,532	10,431	452,467
At 30 June 2021				
Cost	375,795	107,719	10,431	494,162
Accumulated depreciation	(33,290)	(8,186)	-	(41,476)
Net book amount	342,505	99,533	10,431	452,467

8 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

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.

	Computer software $'000
Cost	17
Year ended 30 June 2020	
Opening net book amount	17
Amortisation charge	(3)
Closing net book amount	14
At 30 June 2020	
Cost	17
Accumulated amortisation and impairment	(3)
Net book amount	14

	2021 Computer software $'000	**Total $'000**
Year ended 30 June 2021		
Opening net book amount	14	14
Additions	-	-
Disposal and transfer	-	-
Amortisation charge	(4)	(4)
Closing net book amount	10	10
At 30 June 2021		
Cost	17	17
Accumulated amortisation and impairment	(7)	(7)
Net book amount	10	10

9 Deferred tax

	2021 $'000	2020 $'000
Deferred tax assets comprise:		
Tax losses	**15,265**	12,187
Temporary differences	**-**	-
Total deferred tax assets	**15,265**	12,187

	2021 $'000	2020 $'000
Deferred tax liabilities comprise:	**-**	-
Temporary differences	**(95,835)**	(96,850)
Total deferred tax liabilities	**(95,835)**	(96,850)

	Property, plant and equipment $'000	Tax losses $'000	Provisions $'000	Total $'000
At 1 July 2019	(99,244)	10,351	-	(88,893)
Charged to income	2,394	1,836	-	4,230
At 30 June 2020	(96,850)	12,187	-	(84,663)

Movements

	Property, plant and equipment $'000	Tax losses $'000	Provisions $'000	Total $'000
At 1 July 2020	(96,850)	12,187	-	(84,663)
Charged to income	1,015	3,078	-	4,093
At 30 June 2021	**(95,835)**	**15,265**	-	**(80,570)**

The Company does not have any unrecognised tax losses or deductible temporary differences (2020: Nil).

The company has no imputation credits at the balance date (2020: Nil)

10 Share capital

	2021 Shares	2020 Shares	2021 $'000	2020 $'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	170,200,000	170,200	170,200
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 fully paid	18,674,024	17,874,024	18,674	17,874
3,500,000 $1 shares fully paid	3,500,000	-	3,500	-
12,100,000 $1 shares partly paid	12,100,000	-	12,100	-
	268,003,283	251,603,307	268,003	251,603

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

	2021 $'000	2020 $'000
Net surplus (deficit) after taxation	(16,772)	(16,853)
Add back non-cash items:		
Depreciation	20,854	20,830
Inventory adjustment	-	-
(Gain)/loss on sale of fixed asset	51	-
Deferred tax	(4,093)	(4,230)
Add /(less) movement in working capital:		
(Increase) / decrease in inventory	-	-
(Increase) / decrease in accrued expenditure	(1,033)	1,947
Increase / (decrease) in account receivable	-	268
Add/(less) items classified as investing or financing activities		
Increase in share capital	-	-
Net cash inflow from operating activities	(993)	1,961

12 Contingent asset and liabilities

The contingent liabilities of the Company at 30 June 2021 were nil (2020: $Nil).

At balance date there was uncalled capital of $326,000 relating to 326,000 $1 shares uncalled. (2020: uncalled capital of $4,625,976 relating to 4,625,976 $1 shares uncalled).

13 Commitments

(a) Capital commitments

The amount of contractual commitments is as follows:

	2021 $'000	2020 $'000
Rail rolling stock - heavy maintenance	**58,766**	63,370
	58,766	63,370

b) Leases

Accounting policy

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.

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:

	2021 $'000	2020 $'000
Less than one year	**23**	27
Later than one year and not later than five years	**81**	108
Later than five years	**295**	313
	399	448

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:

	2021 $'000	2020 $'000
Less than one year	**6,557**	6,404
Later than one year and not later than five years	**20,522**	26,633
Later than five years	**92**	107
	27,172	33,144

14 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.

15 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.

16 Legislative compliance

The Group completed its Annual Report on ~~2~~ 9 December 2021 and therefore did not meet the requirements of section 67 of the Local Government Act 2002 which requires the Board of Directors to complete the Group's Annual Report within 5 months after the end of the financial year. cm

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 Company 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 2021 fairly reflect the financial position and operations of the Company.

Director	Director	Chief Financial Officer
9 December, 2021	9 December, 2021	9 December, 2021

Auditors' report
To the shareholders of Greater Wellington Rail Limited

Independent Auditor's Report

To the readers of Greater Wellington Rail Limited's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Greater Wellington Rail Limited (the company). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 7 to 21, that comprise the statement of financial position as at 30 June 2021, the [statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the performance information of the company on page 4.

In our opinion:

- the financial statements of the company on pages 7 to 21:

  - present fairly, in all material respects:

    - its financial position as at 30 June 2021; and

    - its financial performance and cash flows for the year then ended; and

  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and

- the performance information of the company on page 4 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2021.

Our audit was completed on 9 December 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 3, 5 to 6 and 22, but does not include the financial statements and the performance information, and our auditor's report thereon.

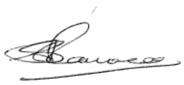
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



Clint Ramoo
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand