

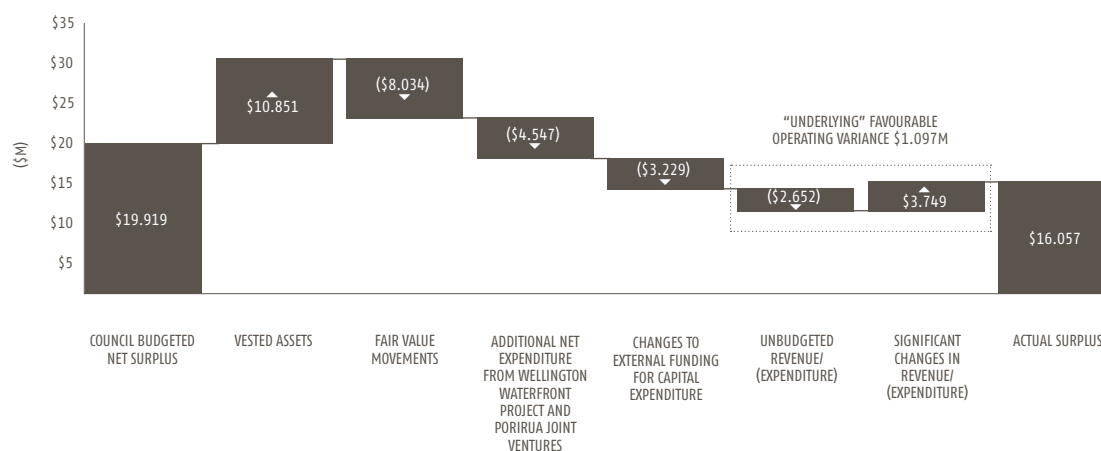
# STATEMENT OF COMPREHENSIVE FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	COUNCIL		GROUP <sup>1</sup>		
		ACTUAL 2009 \$000	BUDGET 2009 \$000	ACTUAL 2008 \$000	ACTUAL 2009 \$000	ACTUAL 2008 \$000
<b>INCOME</b>						
Revenue from rates	1	206,264	204,841	191,373	206,264	191,373
Revenue from operating activities	2	122,958	122,048	109,074	139,592	126,045
Revenue from investment property leases	16	13,870	10,907	13,577	13,870	13,577
Fair value movement on investment property revaluation		-	-	22,620	-	22,620
Finance income	4	8,693	5,673	7,253	1,578	2,059
Other income	3	17,781	4,515	16,546	17,834	16,340
<b>TOTAL INCOME</b>		<b>369,566</b>	<b>347,984</b>	<b>360,443</b>	<b>379,138</b>	<b>372,014</b>
<b>EXPENSE</b>						
Finance expense	4	22,271	22,656	21,167	22,337	21,259
Expenditure on operating activities	5	250,688	235,832	242,790	267,144	258,356
Depreciation and amortisation	6	74,330	69,577	63,615	75,561	65,270
Fair value movement on related party loans	12	3,445	-	7,356	3,445	7,356
Fair value movement on investment property revaluation		2,775	-	-	2,775	-
<b>TOTAL EXPENSE</b>		<b>353,509</b>	<b>328,065</b>	<b>334,928</b>	<b>371,262</b>	<b>352,241</b>
<b>TOTAL OPERATING SURPLUS</b>		<b>16,057</b>	<b>19,919</b>	<b>25,515</b>	<b>7,876</b>	<b>19,773</b>
Share of equity accounted surplus/(deficit) from associates	38	-	-	-	8,092	15,093
<b>NET SURPLUS BEFORE TAXATION</b>		<b>16,057</b>	<b>19,919</b>	<b>25,515</b>	<b>15,968</b>	<b>34,866</b>
Income tax expense	7	-	-	-	-	-
<b>NET SURPLUS FOR THE YEAR</b>		<b>16,057</b>	<b>19,919</b>	<b>25,515</b>	<b>15,968</b>	<b>34,866</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Revaluations – fair value movement on property, plant and equipment – net	23	80,427	-	192,083	80,427	192,083
Cash flow hedges:						
Fair value movement – net	24	(1,928)	-	(2,102)	(1,928)	(2,102)
Reclassification to finance income	24	(268)	-	(309)	(268)	(309)
Share of other comprehensive income of associates:						
Revaluations – fair value movement – net	23	-	-	-	18,046	2,691
Cash flow hedges – fair value movement – net	24	-	-	-	(4,092)	(24)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>78,231</b>	<b>-</b>	<b>189,672</b>	<b>92,185</b>	<b>192,339</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>94,288</b>	<b>19,919</b>	<b>215,187</b>	<b>108,153</b>	<b>227,205</b>

<sup>1</sup> The Group includes the Council, the subsidiaries disclosed in Note 37, and the Council's interest in the associates disclosed in Note 38. A structural diagram of the Group is shown in Note 35.

## EXPLANATION OF NET SURPLUS FOR THE YEAR



The Council has recorded a net surplus for the year of \$16.057 million compared to a budgeted surplus of \$19.919 million. To assess the Council's underlying financial performance, the above diagram takes the net surplus and identifies the various components. By separately identifying these items we are able to show the Council's underlying financial performance against that budgeted. The surplus is made up of the following main items:

### Budgeted surplus

The Council has budgeted for a surplus of \$19.919m in the 2008/09 Annual Plan. The majority of this surplus represents funding received from third parties for capital purposes. As this income is received for specific capital projects, it cannot be used to offset rates.

Significant variances to the budgeted surplus are as follows:

### Vested assets

Vested assets are those assets transferred to the Council from a third party. In accordance with NZ IFRS, the Council is required to record the receipt of these assets as revenue. The majority of the \$10.851m in vested assets represents the fair value of infrastructural assets such as roading, drainage, water and waste assets that have been constructed by developers and transfer to the Council on completion.

### Fair value movements

These amounts are non-cash, and reflect changes in the fair value of our investment properties, loans to related parties and interest rate swaps (shown in note 4). These fair value movements are non-cash in nature, but are required to be recognised in our Statement of Comprehensive Financial Performance.

### Changes to external funding for capital expenditure

As noted above, external funding received for capital expenditure cannot be used to offset the rates requirement. The grant recognised from Housing New Zealand Corporation (HNZC) for the upgrade of the Council's social housing stock was lower in year one than budgeted as a result of the timing of the finalisation of the associated capital expenditure programme. As the revenue is recognised in

proportion to the work completed, there is also an element of deferred revenue, representing income received in advance of the capital works being completed.

The Council has received additional external capital funding for development contributions of \$0.205m, NZTA capital subsidies of \$1.035m and \$2.678m for other capital projects (including Zoo upgrades).

### Unbudgeted revenue/(expenditure)

This variance is predominantly made up of movements in provisions and insurance costs (net of recoveries) funded through the self insurance reserve.

### Significant changes in revenue/(expenditure)

This variance reflects all other significant changes in revenue and expenditure. The Council has recorded underlying net savings on programmes and projects for the period.

### Net surplus for the Group

The Group has recorded a net surplus for the year of \$15.968m. The difference between the Council and Group results arises from the elimination of transactions between Group entities, and recognition of the Group's share of the results of subsidiaries and associates.

## EXPLANATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR

The Council has recorded total comprehensive income of \$94.288m for the year. This includes the net surplus (as identified above), plus fair value movements on our assets. The major movement for the Council was the revaluation of our operational land and buildings during the year.

The Group has recorded total comprehensive income of \$108.153m – this includes the Council's share of revaluation movements for Wellington International Airport Limited.

For further explanation of the Council's net surplus please refer to Note 30: Major budget variations.