

**Greater Wellington Rail Limited
Financial Statements
for the year ended 30 June 2024**



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Directory

Directors

C Kirk-Burnnand (Chairperson)
D Lee
T Nash
D Bassett
L E Elwood
R M Evans
A J Hare
H K Modlik
H M Mexted
N S W Ward
N O Leggett

Appointed

20 November 2019 (Chairperson from 24 November 2022)
24 November 2022
24 November 2022
24 November 2022
01 October 2023
01 October 2023
01 October 2023
01 October 2023
24 June 2019 (ceased 1 October 2023)
24 June 2019 (ceased 1 October 2023)
24 June 2019 (ceased 1 October 2023)

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

Directors' Report

The Directors have pleasure in submitting their 2024 Annual Report and Financial Statements.

Principal Activities

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

GWRL was incorporated on 3rd August 2006.

Corporate Governance

GWRL is governed by a board of eight directors all of whom are appointed by the shareholder, with four independent external directors with commercial backgrounds to provide advice and expertise at the governance level. Directors meet regularly to direct and control GWRL's proceedings. Helen Mexted, Nick Leggett and Nancy Ward completed their respective terms on the GWRL Board in late 2023 and we wish to acknowledge the benefit the Board has received over the years from their expertise and extend our appreciation for their contributions.

In addition to the obligations of the Local Government Act 2002, GWRL is also subject to the requirements of the Companies Act 1993 and all other applicable legislative requirements.

Results and Distributions

	2024 \$'000	2023 \$'000
Net surplus / (deficit) after tax for the financial year	<u>(20,359)</u>	<u>(24,194)</u>

Statement of Service Performance

Operational Performance Targets

Operational performance targets for GWRL were set within the context of the strategic targets and objectives of GWRC's Long Term Plan 2021-2031 and associated GWRL Asset Management Plan. Most asset management performance targets (for both rail fixed assets and rolling stock) were met during the 2023-24 year, and five out of the nine customer satisfaction performance targets were also met. While one customer satisfaction performance result was notably below target (related to satisfaction with receiving information about delays and disruptions in time to be useful for customers), this compared favourably to the 2022-23 year's result and represented an improvement of seven percent.

Level of Service	2023/24 Result	2023/24 Target	2022/23 Result
Percentage of passengers who are satisfied with their current trip	92%	≥ 93%	94%
Percentage of customers who are satisfied with the condition of the station	92%	94%	90%
Percentage of customers who are satisfied with the inside temperature of vehicles	95%	≥ 93%	93%
Percentage of passengers who are satisfied with the condition of the vehicle fleet	95%	94%	96%
Percentage of passengers who are satisfied with the overall station	95%	≥ 92%	94%
Percentage of customers who are satisfied with the cleanliness of the trains	91%	≥ 91%	89%
Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station	84%	≥ 84%	84%
Percentage of customers who are satisfied with their personal safety at station	92%	≥ 93%	91%
Percentage of passengers who are satisfied with 'Information about delays, disruptions received in time to be useful.'	60% ¹	≥ 73%	53%
Matangi Mean Distance between failure ²	64,045 km	≥ 40,000 km	66,529 km
Carriage - Mean distance between failure ²	124,489 km	≥ 80,000 km	95,446 km
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	30% (Reports available for 7 out of 23 assets) ³	100%	79%
Percentage of stations with CCTV coverage	96%	96%	96%
Average condition grade⁴ of:			
Station buildings and shelter	2.2	≤ 2.5	1.5
Structures (subways & bridges)	1.9	≤ 2.5	2.4
Park & Ride	2.0	≤ 2.5	2.1
Percentage of assets in condition grade 4 (Poor) or worse			
Station buildings and shelters	10.8% ⁵	≤ 5.0%	1.0%
Structures (subways & bridges)	8.0% ⁶	≤ 8.0%	5.4%
Park & Ride	4.2%	≤ 8.0%	5.0%

1. 2022/23 survey question was 'Satisfaction with information about delays, disruptions'
2. Failure is defined as 'an event requiring unplanned maintenance' and the mean distance is based on a 12 Month Rolling Average
3. Whilst we are confident that the majority of pedestrian bridges and subways meet at least 67% of NBS and we have done work to strengthen these assets, we are in the process of locating the post-project documentation that would confirm this. As such, the 30% reflects only the number of structures for which we have reports (7 out of 23 assets). We expect to have updated information for 2024-25.
4. Conditional grade score – 1: Is very good condition and, 5: very poor condition requiring replacement.
5. The actual result is above target due to the current condition of Waterloo station.
6. Petone and Taita Subways are both under construction and schedule to be completed in September 2024.

Financial performance targets

	Actual 2024	Target 2024	Actual 2023
Operating expenditure (\$ million)	48.3	67.5	53.7
Capital expenditure (\$ million)	19.0	26.0	19.1
Shareholder funds to total asset*	82.6%	81.9%	80.4%

* Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and capital reserves.

* Total Assets are defined as all the recorded current and non-current assets of GWRL at their current value as determined by GWRL's Accounting Policies.

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2024:

C Kirk-Burnnand

Ashcroft Pine Forest GP Limited (Shareholder)
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)
Pinedale Forest GP Limited (Shareholder)
PI North Limited (Director)
PI Ross Limited (Director)
PL Tia Limited (Director)
Porirua Foundation Administration Limited (Director)
Property Logic Limited (Shareholder & Director)
Te Karaka Forest GP Limited (Shareholder)
WRC Holdings Limited (Director)
Wellington Regional Council (Councillor)

D Bassett

Wellington Regional Council (Councillor)
WRC Holdings Limited (Director)
H2O New Zealand Limited (shareholder & Director)
The Terrace – Martinborough Limited (shareholder & Director)

D Lee

Wellington Regional Council (Councillor)
CoGo Connecting Good Limited (shareholder)
WRC Holdings Limited (Director)
Aureon Limited (shareholder)

T Nash

Wellington Regional Council (Councillor)
Shelter New Zealand Limited (shareholder & Director)
Portable Hospitality Limited (shareholder & Director)
WRC Holdings Limited (Director)
E-Bike Subscription Limited (shareholder & Director)

L Elwood

WRC Holdings Limited (Director)
Unison Networks Limited (Director)
RPS Switchgear Limited (Director)

Whanganui District Council Holdings Limited (Director)

Electra Limited (Director)

Te Toi Mahana Trust (Trustee)

R Evans

WRC Holdings Limited (Director)

Television New Zealand Limited (Director)

Ngapuhi Investment Fund Limited (Director)

A Hare

WRC Holdings Limited (Director)

Wellington Water Limited (Director)

Generational Limited (Director)

Engineering New Zealand Foundation (Trustee)

Audit and Risk Committee Ministry for the Environment (Independent Member)

Rotary Club of Wellington Eureka! Trust (Trustee)

H Modlik

WRC Holdings Limited (Director)

AEGIS Retirement Living Limited (Director)

AEGIS Silverstream Limited (Director)

ARIJIT Residential Limited (Director)

Conporto Health Limited (Director)

HKM Consulting Limited (Director)

Kenepuru Developments Limited (Director)

Kimihia Number 1 Limited (Director)

Kimihia Number 2 Limited (Director)

Raranga Limited (Director)

Toa Kainga Limited (Director)

Toa Building Supplies Limited (Director)

Te Kainga Ururua Limited (Director)

Te Tumu Whakatipu Limited (Director)

Toa Kenepuru SP Limited (Director)

Toa Kenepuru Transition Limited (Director)

Toa Rangatira Retirement Villages Limited (Director)

Whitby Village (2009) Limited (Director)

Te Aka Whai Ora (Director)

N O Leggett (ceased 1 October 2023)

WRC Holdings Limited (Director)

Hutt Mana Charitable Trust (Trustee)

Infrastructure New Zealand (Chief Executive)

Bulterant Trust (Trustee & Beneficiary)

Wellington Water Limited (Director)

H M Mexted (ceased 1 October 2023)

WRC Holdings Limited (Director)

New Zealand Walking Access Commission (Board Member)

Glenora Limited (Shareholder)

N S W Ward (ceased 1 October 2023)

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)

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

30 September 2024



Director

30 September 2024

Financial Statements

Greater Wellington Rail Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue			
Total revenue	2	<u>22,112</u>	<u>22,485</u>
Expenditure			
Depreciation and amortisation	6,7	25,818	29,854
Audit Fees	3	70	65
Directors Fees	4	-	25
Repairs and Maintenance		17,184	14,852
Rates and Insurance		1,318	1,081
Other Operating Expenses		3,497	6,380
Tax services		38	35
Legal Fees		7	53
Loss on disposal of asset		-	961
Interest Expense		438	447
Total operating expenses		<u>48,370</u>	<u>53,753</u>
Net surplus / (deficit) before tax		(26,258)	(31,268)
Income tax benefit / (expense)	5	<u>5,899</u>	<u>7,074</u>
Net surplus / (deficit) after tax		<u>(20,359)</u>	<u>(24,194)</u>
Other comprehensive revenue and expenditure			
Revaluation reserve movement		-	(14,594)
Deferred tax recognised in reserves	8	<u>-</u>	<u>4,084</u>
		<u>-</u>	<u>(10,510)</u>
Total comprehensive income for the year		<u>(20,359)</u>	<u>(34,704)</u>

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 2024

	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total attributable to equity holders \$'000
Equity as at 1 July 2023	302,603	88,676	8,648	399,927
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(20,359)	(20,359)
- Revaluation reserve movement	-	-	-	-
Deferred tax on other comprehensive revenue	-	-	-	-
Equity contribution by the owners during the year	<u>18,100</u>	<u>-</u>	<u>-</u>	<u>18,100</u>
Equity as at 30 June 2024	<u>320,703</u>	<u>88,676</u>	<u>(11,711)</u>	<u>397,668</u>
Equity as at 1 July 2022	282,403	99,186	32,842	414,431
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(24,194)	(24,191)
- Revaluation reserve movement	-	(14,594)	-	(14,594)
Deferred tax on other comprehensive revenue	-	4,084	-	4,084
Equity contribution by the owners during the year	<u>20,200</u>	<u>-</u>	<u>-</u>	<u>20,200</u>
Equity as at 30 June 2023	<u>302,603</u>	<u>88,676</u>	<u>8,648</u>	<u>399,927</u>

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

Greater Wellington Rail Limited
Statement of Financial Position
As at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		<u>2</u>	<u>2</u>
Total current assets		<u>2</u>	<u>2</u>
Non-current assets			
Property, plant and equipment	6	479,579	486,323
Intangible assets	7	<u>-</u>	<u>4</u>
Total non-current assets		<u>479,579</u>	<u>486,327</u>
Total assets		<u>479,581</u>	<u>486,329</u>
LIABILITIES			
Current liabilities			
Accrued expenses and payables		2,436	1,462
Current account Wellington Regional Council		<u>865</u>	<u>429</u>
Total current liabilities		<u>3,301</u>	<u>1,891</u>
Non-current liabilities			
Deferred taxation liability	8	<u>78,612</u>	<u>84,511</u>
Total non-current liabilities		<u>78,612</u>	<u>84,511</u>
Total liabilities		<u>81,913</u>	<u>86,402</u>
Net assets		<u>397,668</u>	<u>399,927</u>
EQUITY			
Ordinary share capital	9	320,703	302,603
Reserves		88,676	88,676
Retained earnings		<u>(11,711)</u>	<u>8,648</u>
Total equity		<u>397,668</u>	<u>399,927</u>

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



Director
30 September, 2024



Director
30 September, 2024

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 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Rent income		7,607	7,125
Interest received		-	1
Subsidies revenue		<u>14,505</u>	<u>15,359</u>
		<u>22,112</u>	<u>22,485</u>
Cash was applied to:			
Payments to suppliers		(21,140)	(24,145)
Interest paid		<u>(438)</u>	<u>(447)</u>
Net cash flow from operating activities	10	<u>534</u>	<u>(2,107)</u>
Cash flows from investing activities			
Purchase of property, plant & equipment		<u>(19,070)</u>	<u>(19,081)</u>
Net cashflow from investing activities		<u>(19,070)</u>	<u>(19,081)</u>
Cash flow from financing activities			
Cash was provided from:			
Movement in current account Wellington Regional Council		436	990
Issue of ordinary share capital		<u>18,100</u>	<u>20,200</u>
Net cash flow from financing activities		<u>18,536</u>	<u>21,190</u>
Net increase (decrease) in cash, cash equivalents & bank overdraft		-	2
Add opening balance in cash, cash equivalents & bank overdraft		<u>2</u>	<u>-</u>
Cash, cash equivalents & bank overdraft at year end		<u>2</u>	<u>2</u>

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 (GWRL) 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. GWRL principal address is 100 Cuba Street, Wellington, New Zealand.

GWRL is a council-controlled trading organisation (CCTO) as defined in section 6 of the Local Government Act 2002.

GWRL provides rail rolling stock and infrastructure assets to the Greater Wellington Region Council for community and social benefits through a rail operator, rather than to make a financial return. Accordingly, GWRL has designated itself as public benefit entity (PBE) 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 GWRL.

The financial Statements are presented in New Zealand dollars and all amounts are rounded to nearest thousand dollars (\$'000) unless otherwise stated.

ACCOUNTING POLICIES

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

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective and not early adopted are:

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025.

PBE IFRS 17 Insurance Contracts

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

GWRL has not yet assessed the impact of these amendments and the new standard in detail. These amendments and the new standard are not expected to have a significant impact.

(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. Rolling stock and rail infrastructure are estimated at fair value.

(c) Goods and Services Tax (GST)

GWRL 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.

	2024	2023
	\$'000	\$'000
Rental - Trains (exchange)	7,607	7,125
Grants & subsidies revenue (non-exchange)	14,505	15,359
Interest received (exchange)	-	1
	<u>22,112</u>	<u>22,485</u>

3 Audit fees

	2024	2023
	\$'000	\$'000
Audit New Zealand - audit services	<u>70</u>	<u>65</u>

4 Related party transactions

100% of the grants revenue was provided by Wellington Regional Council, the ultimate parent company. At year end GWRL owed \$865,000 to Wellington Regional Council (2023: \$429,000). 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 \$438,223 (2023: \$446,723)

The company pays a management fee of \$57,536 (2023: \$55,736) 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.

D Lee, T Nash, D Bassett and C Kirk-Burnnand received councillor remuneration from Wellington Regional Council in accordance with the Local Government Elected Members Determination of 2023 and 2024, any out of pocket expenses incurred are set out in Wellington Regional Council's policy on elected members' allowances and expenses.

Directors' fees for the current year have not been paid by GWRL (2023: \$25,000). WRC Holdings Limited will take responsibility for all directors' fees going forward.

Directors fees

	2024 \$'000	2023 \$'000
N O Leggett	-	8
H M Mexted	-	8
N S W Ward	-	8
	-	24

5 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 GWRL 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 GWRL 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 GWRL 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.

	2024	2023
	\$'000	\$'000
(a) Tax (benefit) / expense comprises:		
Current tax expense / (income)	-	-
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	(5,899)	(7,074)
Adjustments recognised in the current period in relation to the deferred tax of prior periods	-	-
Total income tax (benefit) / expense	(5,899)	(7,074)
(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	(26,258)	(31,268)
Income tax (benefit) / expense calculated at 28%	(7,352)	(8,754)
Non-deductible expenses	4,060	4,299
Non assessable income	(4,060)	(4,299)
Temporary differences	1,453	1,680
Income tax expense	(5,899)	(7,074)

The 2024 financial statements do not include any loss offsets received from other group companies (2023: Nil).

6 Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by GWRL. 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 includes 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 Mike Morales, FPINZ, FNZIV, PINZ Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2023 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.

Rolling stock and rail infrastructure are estimated at fair value.

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 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	20-30 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.

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.

Non Cash Generating Assets

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.

Cash Generating Assets

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.

6 Property, plant and equipment (continued)

	Rolling stock \$'000	Rail infrastructure \$'000	Total \$'000
Year ended 30 June 2024			
Opening net book amount	359,781	126,542	486,323
Additions/ transfers	538	10,883	11,421
Written Off	-	-	-
Work in progress movement	9,462	(1,811)	7,651
Movement in fair value	-	-	-
Net depreciation expense	<u>(19,249)</u>	<u>(6,567)</u>	<u>(25,816)</u>
Closing net book amount	<u>350,532</u>	<u>129,047</u>	<u>479,579</u>
At 30 June 2024			
Cost	369,781	135,614	505,395
Accumulated depreciation	<u>(19,249)</u>	<u>(6,567)</u>	<u>(25,816)</u>
Net book amount	<u>350,532</u>	<u>129,047</u>	<u>479,579</u>
Year ended 30 June 2023			
Opening net book amount	365,970	146,677	512,647
Additions/transfers	2,533	16,738	19,271
Loss on disposal asset	-	(962)	(962)
Working in Progress movement	1,504	(1,692)	(188)
Movement in fair value	13,981	(28,575)	(14,594)
Net depreciation expense	<u>(24,207)</u>	<u>(5,644)</u>	<u>(29,851)</u>
Closing net book amount	<u>359,781</u>	<u>126,542</u>	<u>486,323</u>
As 30 June 2023			
Cost	359,781	126,542	486,323
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount	<u>359,781</u>	<u>126,542</u>	<u>486,323</u>
	Rolling stock \$'000	Rail infrastructure \$'000	Total \$'000
As 30 June 2024			
Working in Progress			
Opening balance 1 July 2023	4,072	13,221	17,293
Additions	11,011	8,060	19,071
Transfer	<u>(538)</u>	<u>(10,883)</u>	<u>(11,421)</u>
Closing balance 30 June 2024	<u>14,545</u>	<u>10,398</u>	<u>24,943</u>
At 30 June 2023			
Opening balance 1 July 2022	2,568	14,913	17,481
Additions	4,040	15,046	19,086
Transfer	<u>(2,536)</u>	<u>(16,738)</u>	<u>(19,274)</u>
Closing balance 30 June 2023	<u>4,072</u>	<u>13,221</u>	<u>17,293</u>

7 Intangible assets

Accounting policy

Software acquisition and development

Computer software with a finite useful life is capitalised and recorded at cost less amortisation. Costs that are directly attributable to the development of this 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.

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.

Costs associated with Software as a Service arrangements are generally expensed and capitalised only customisation is performed on the Company's infrastructure and applications, is controlled by the Company and the Company can restrict others' access to the benefits.

Staff training costs are recognised in the surplus or deficit 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 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
Year ended 30 June 2024	
Opening net book amount	4
Amortisation charge	(4)
Closing net book amount	<u>-</u>
At 30 June 2024	
Cost	17
Accumulated amortisation and impairment	(17)
Net book amount	<u>-</u>
Year ended 30 June 2023	
Opening net book amount	7
Amortisation charge	(3)
Closing net book amount	<u>4</u>
At 30 June 2023	
Cost	17
Accumulated amortisation and impairment	(13)
Net book amount	<u>4</u>

8 Deferred tax

	2024 \$'000	2023 \$'000
Deferred tax assets comprise:		
Tax losses	<u>22,291</u>	<u>20,231</u>
Total deferred tax assets	<u>22,291</u>	<u>20,231</u>
Deferred tax liabilities comprise:		
Temporary differences	<u>(100,903)</u>	<u>(104,742)</u>
Total deferred tax liabilities	<u>(100,903)</u>	<u>(104,742)</u>

	Property, plant and equipment \$'000	Tax losses \$'000	Total \$'000
At 1 July 2022	(113,569)	17,901	(95,668)
Charged to income	4,743	2,330	7,073
Charged/(credited) to other comprehensive income	<u>4,084</u>	<u>-</u>	<u>4,084</u>
At 30 June 2023	<u>(104,742)</u>	<u>20,231</u>	<u>(84,511)</u>
At 1 July 2023	(104,742)	20,231	(84,511)
Charged to income	<u>3,839</u>	<u>2,060</u>	<u>5,899</u>
At 30 June 2024	<u>(100,903)</u>	<u>22,291</u>	<u>(78,612)</u>

GWRL does not have any unrecognised tax losses or deductible temporary differences (2023: Nil).

GWRL has no imputation credits at the balance date (2023: Nil)

9 Share capital

(a) Share capital	2024	2023	2024	2023
Ordinary shares	Shares	Shares	\$'000	\$'000
10,000 shares unpaid	10,000	10,000	-	-
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	19,000,000	19,000,000	19,000	19,000
3,500,000 \$1 shares fully paid	3,500,000	3,500,000	3,500	3,500
12,100,000 \$1 shares fully paid	12,100,000	12,100,000	12,100	12,100
14,800,000 \$1 shares fully paid	14,800,000	14,800,000	14,800	14,800
17,300,000 \$1 shares fully paid	17,300,000	17,300,000	17,300	17,300
3,000,000 \$1 shares fully paid	3,000,000	3,000,000	3,000	2,174
25,200,000 \$1 shares partly paid	25,200,000	-	17,274	-
	328,639,283	303,439,283	320,703	302,603

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

	2024	2023
	\$'000	\$'000
Net surplus (deficit) after taxation	(20,359)	(24,194)
Add back non-cash items:		
Depreciation	25,818	29,854
(Gain)/loss on sale of fixed asset	-	961
Deferred tax	(5,899)	(7,074)
Add /(less) movement in working capital:		
(Increase) / decrease in accrued expenditure	974	(1,654)
Add/(less) items classified as investing or financing activities		
Increase in share capital	-	-
Net cash inflow from operating activities	534	(2,106)

11 Contingent asset and liabilities

The contingent liabilities of GWRL on 30 June 2024 were nil (2023: \$Nil).

At balance date there was uncalled capital of \$7,925,976 relating to 7,925,976 \$1 shares uncalled (2023: uncalled capital of \$825,976 relating to 825,976 \$1 shares uncalled).

12 Commitments

(a) Capital commitments

The amount of contractual commitments is as follows:

	2024 \$'000	2023 \$'000
Rail rolling stock - heavy maintenance	<u>45,020</u>	<u>48,207</u>
	<u>45,020</u>	<u>48,207</u>

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 lessee

GWRL 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:

	2024 \$'000	2023 \$'000
Not later than one year	43	39
Later than one year and not later than five years	138	118
Later than five years	<u>474</u>	<u>428</u>
	<u>655</u>	<u>585</u>

Operating leases as lessor

GWRL 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:

	2024 \$'000	2023 \$'000
Not later than one year	8,178	7,319
Later than one year and not later than five years	98	7,599
Later than five years	<u>16</u>	<u>24</u>
	<u>8,292</u>	<u>14,942</u>

13 Financial risk management

(a) Market risk

The interest rate risk is limited to the bank balance.

(b) Currency risk

GWRL 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

Credit risk is the risk that a third party will default on its obligation causing a loss to occur.

GWRL is exposed to credit risk only on the current account balance owed by its ultimate parent - Greater Wellington Regional Council (GWRC). Lifetime expected credit losses on this balance have been assessed as nil.

(f) Liquidity risk

Liquidity risk represents GWRL's ability to meet its contractual obligations. GWRL evaluates its liquidity requirements on an ongoing basis. In general, GWRL 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. GWRL also has an ongoing Letter of Support from the Council undertaking to provide financial support to GWRL for any unforeseen expenditure that could place GWRL into a cash deficit position.

14 Events occurring after the reporting 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.

Statement of Compliance and Responsibility

Compliance

The Directors and management of GWRL 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 2024 fairly reflect the financial position and operations of the Company.



Director

30 September, 2024



Director

30 September, 2024



Group Manager Finance & Risk

30 September, 2024

Independent Auditor's Report

To the readers of Greater Wellington Rail Limited's financial statements and performance information for the year ended 30 June 2024

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 9 to 23, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expenses, 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 pages 4 to 5.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; 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 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 2024.

Our audit was completed on 30 September 2024. 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.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

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 2 to 3, 6 to 8 and 24, but does not include the financial statements and the performance information, and our auditor's report thereon.

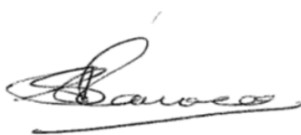
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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 (including International Independence Standards) (New Zealand) (PES 1) 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