WRC Holdings Limited
Annual Report
for the year ended 30 June 2022

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Directors	Appointed
P M Lamason	18 November 2010 (ceased 24 November 2022)
R W G Blakeley	29 November 2016 (ceased 24 November 2022)
N O Leggett	12 October 2017
H M Mexted	24 June 2019
N S W Ward	24 June 2019
G Hughes	20 November 2019 (ceased 24 November 2022)
C Kirk-Burnnand (chairperson)	20 November 2019
D Lee	24 November 2022
T Nash	24 November 2022
D Bassett	24 November 2022

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 Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries for the year ended 30 June 2022.

Principal Activities

WRC Holdings Limited (the Parent Company) is the investment holding company of Greater Wellington Regional Council. The WRC Holdings Limited Group (the Group) consists of WRC Holdings Limited, its wholly owned subsidiary Greater Wellington Rail Limited, and is a 76.9% owner of CentrePort Limited.

CentrePort owns and operates the Port of Wellington and related facilities at Seaview.

Greater Wellington Rail Limited owns and manages rail rolling stock and rail infrastructural assets.

The Group's primary objectives

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

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

Achieve the objectives and performance targets of the shareholder.

Own Greater Wellington Rail Limited, manage rail rolling stock and infrastructural assets.

The financial objectives of the Group shall be to:

Provide a commercial return to shareholders.

Manage its assets prudently.

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

Conduct its affairs in accordance with sound business practice.

The environmental objectives of the Group shall be to:

Operate in an environmentally responsible and sustainable manner.

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

Engage with stakeholders on environmental matters.

Ensure regulatory compliance

Develop a culture of awareness and responsibility

The social objectives of the Group shall be to:

Provide a safe and healthy workplace, that provides opportunities and skills to enhance our employees.

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

Help sustain the economy of the region, with high quality port services to support international and coastal trade.

Contribute to the desired outcome of the Wellington Regional Strategy.

The Group largely met all its objectives as set out in the 2021/22 Statement of Intent and Wellington Regional Council's Long Term Plan 2021-2031 with the exception of some of its financial performance, due to the ongoing impacts of the COVID-19 pandemic.

The nature and scope of activities undertaken by the Group are consistent with those set in the 2021/22 Statement of Intent and Wellington Regional Council's Long Term Plan 2021-2031.

Statement of Service Performance

FINANCIAL PERFORMANCE TARGETS

Financial WRCH group results compared with Statement of Intent (SOI) Targets:

	Actual 2022 $'000	**Target 2022 $'000**	Actual 2021 $'000
Net (deficit) / surplus before tax	**(31,340)**	**(8,031)**	(13,734)
Net (deficit) / surplus after tax	**1,266**	**(6,403)**	(37,413)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**1,313**	**20,031**	11,295
Return on Shareholder's equity	**0.20%**	**(0.80)%**	(5.50)%
Return on total assets	**(3.10)%**	**(1.00)%**	(1.70)%
Shareholders equity to total assets	**68.60%**	**73.60%**	68.50%
Dividends	**3,800**	**4,100**	14,600

The above 2022 financial results are calculated on the same basis as previous year.

Net (deficit) / surplus before tax

The Group posted net deficit before tax of $31.4 million (2021: deficit of $13.7 million) compared to a budget deficit before tax of $8.0 million for the year.

The main driver for the variance to budget is a $21.0 million fair value write down to the value of non-current assets for CentrePort. This reflects higher interest rates and a less certain economic outlook.

Net (deficit) / surplus after tax

The net surplus after tax was $1.2 million (2021: deficit of $37.4 million), compared to a budget deficit after tax of $6.4 million. The main driver for this is the reversal of the tax expense on the insurance settlement payments recognised in the 2020/21 year.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA was $1.3 million (2021: $11.3 million) compared to a budget surplus of $20.0 million.

This variance is related to the same factors as in the net deficit before tax above.

Return on total assets

This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets. As at 30 June 2022, return on total assets was (3.1%) (2021: (1.7%) compared to a budget of (1.0%).

The variance to target is mainly due to higher EBIT.

Return on shareholder's equity

This target is calculated as net surplus/ (deficit) after tax as a percentage of average shareholder equity (excluding minority interest). As at 30 June 2022, the return on shareholders' equity was 0.2% (2021: (5.5%)), compared to a budget of (0.8%).

The variance to target is mainly due to higher net deficit after tax as noted above.

Shareholder's equity to total assets

As at 30 June 2022 the ratio of shareholders equity to total assets stood at 68.6% (2021: 68.5%) and compared to a budget of 73.6%.

Dividends paid (or payable to the shareholders)

A dividend of $3.8 million was paid to the shareholders during the year (2021: $14.6 million).

WRC HOLDINGS - OPERATIONAL PERFORMANCE MEASURES

WRC Holdings to act as a responsible and inquiring Shareholder.

The Board has close liaison with its partners, Greater Wellington Regional Council who manage the Rail operations in conjunction with Transdev Wellington and CentrePort who manage the Port operations. These bodies regularly report and meet with the respective Boards of the WRC Holdings Limited Group.

WRC Holdings meet at least six times a year to review the operational and financial position of the companies and Group.

WRC Holdings Board met seven times during the year.

WRC Holdings Group to report quarterly on the financial performance of WRC Holdings Group to Council.

The results of WRC Holdings were reported quarterly to Council and supplemented with a presentation from the Chair of WRC Holdings.

WRC Holdings Group to present quarterly on WRC Holding Group activities to Council and to keep Council informed of significant matters as they occur.

WRC Holdings Chair reported to Council quarterly over the course of the last financial year.

Statement of Intent and Annual Accounts are delivered in compliance with statutory requirements.

The draft statement of Intent and the final statement of Intent were delivered to Council as required by the Local Government Act also the annual financial statements were provided in accordance with section 67 (1) of the Local Government Act.

ENVIRONMENT PERFORMANCE TARGETS

Planned Target

Operate in an environmentally and sustainable manner and realise opportunities to be more sustainable.

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

Develop a culture of awareness of environmental issues within the Group.

Ensure regulatory compliance.

Actual Performance

The Group has complied with all of its resource consents.

WRC Holdings via Greater Wellington Regional Council operated in a sustainable environmental manner, by minimising on environmental impacts, and raising awareness within the Group. This included, but not limited to such activities as choosing vehicles with the lowest environmental impact and supporting public transport usage.

CentrePort has achieved most of its environmental targets as set down in its Statement of Corporate Intent 2021/22, for the year ended 30 June 2022. Some of the objectives are still in progress or have been deferred.

SOCIAL PERFORMANCE TARGETS

Planned Target - WRC Holdings Group

To provide a safe and healthy workplace

To help sustain the economy of the region

To participate in development, cultural and community activities within the region in which the Group operates.

Actual Performance

The Group through Greater Wellington Regional Council provided a safe and healthy working place and supported with the development of regional cultural and community activities.

The Group through Greater Wellington Regional Council's Economic Development Agency assisted with regional economic sustainability.

The Group through CentrePort participated in development of the cultural and community activities within the region.

The Group through GWRL provided Rail rolling stock and infrastructure which assisted with the region's economic sustainability by reducing road congestion. However, during the year, due to weather conditions and driver availability, the efficiency of rolling stock and infrastructure was negatively impacted upon. This is reflected in the lower than planned satisfaction results received by GWRL.

PERFORMANCE TARGETS - CentrePort Limited

	Actual 2022 $'000	**Target 2022 $'000**	Actual 2021 $'000
CentrePort Limited			
Net profit before tax	**8,200**	**13,600**	10,800
Net profit after tax (1)	**8,000**	**9,800**	8,600
Return on total assets (2)	**1.6%**	**2.4%**	1.4%
Return on equity (3)	**1.8%**	**2.2%**	1.9%
Dividend as a % of underlying net profit after tax before earthquake impacts and changes in fair value	**74.6%**	**61.1%**	58.3%
Dividend	**6,000**	**6,000**	20,000

(1) Underlying net profit after tax before earthquake impacts and changes in fair value includes abnormal Items.
(2) Return on assets = earnings before interest, tax, earthquake impacts, and changes in fair value divided by the average opening and closing non current assets.
(3) Return on equity = underlying net profit after tax before earthquake impacts and changes in fair value divided by the average opening and closing total equity.
The Statement of Corporate Intent (SCI) targets are from the SCI for the financial years ended 30 June 2022 to 2024 which was approved for issue in June 2022.

Regeneration Measures

The regeneration programme is delivering long term benefits by ensuring resilience is built into the business and to facilitate growth so that CentrePort reaches its full potential as a regionally strategic asset for the communities of central New Zealand. Regeneration work during the year included:

- The completion in March 2022 of the Thorndon container wharf reinstatement project. The project has expanded the operational length of our ship-to-shore cranes from 125 metres to 262 metres. This significantly improves productivity as the cranes can now work the entire length of berthed container ships.
- The Seaview energy resilience project continues. With the first phase being the landside fuel pipe complete, the second phase involving the wharf renewal gathered momentum.
- Ground resilience improvements throughout the port continue with the installation of more than 4,500 stone columns to date utilising nearly 100,000 tonnes of aggregate.
- The completion of the F-site (former BNZ building site) development. Ground improvements and paving works were finalised and the site was handed over to StraitNZ Bluebridge for use for vehicle marshalling, improving the efficiency of and resilience of this vital service.

Carbon Reduction Strategy/Implementation

CentrePort has committed to a strategy to achieve net zero carbon emissions by 2040, and a 30 percent reduction by 2030 (excluding third parties and growth). A series of initiatives were completed /underway during the year including the deployment of an electric forklift, additional electric vehicles in CentrePort's motor vehicle fleet, and continued rollout of LED lighting programme. Among options being explored to support the carbon reduction strategy are hydrogen vehicles (two trucks will be leased in 2023), solar energy and electric hybrid tugs/launches.

	Objective	Performance Measure	FY21 Result	FY22 Target	FY22 Q4 Actual
Our People	A zero-harm workplace	Lost Time Injury Frequency (per 200,000 hours worked)	2.18	≤2.6	3.03
		Lost Time Injury Severity (per 200,000 hours worked)	17.75	≤8	8.66[1]
		bSafe reports (incidents and	875	1,080	914 (YTD)[2]
		Standard operating procedures (SOPs) reviewed and updated	91	160	160 (YTD)[3]
	Improve health and safety, staff wellbeing and engagement at work	Health & Safety and employee engagement culture surveys – score improving every survey (18 months)	70%	Improvement on FY21 result	N/A
	Increase gender diversity	Overall gender balance (F/M); ELT gender balance (F/M); Board gender balance (F/M)	17%/83% All; 0%/100% ELT; 50%/50% Board	Improve on 2021	18%/82% All; 13%/87% ELT; 33%/67% Board.

[1] CentrePort's LTIS reflects the impact of two incidents: One LTI was sustained from an employee injury (notifiable) after a slip trip fall incident outside Shed 39 in early November. The second LTI was sustained by an employee in May 2021 while working on Charlie Crane resulting in a snapped ligament in the foot while climbing the crane ladder with the worker being declared unfit for work late in 2021 due to the injury.
[2] CentrePort's COVID response restricted staff numbers on Port, and therefore reduced bSafe reporting
[3] Adjusted for SOPs combined, and obsolete SOPs removed.

	Objective	Performance Measure	FY21 Result	FY22 Target	FY22 Q4 Actual
Our Customers	Improved productivity across port	Gross crane rate (as measured by Ministry of Transport)	24.3	28.0	28.2
	Manage the safety of marine activities	Marine activities conducted in accordance with the current Port and Harbour Marine Safety Code (PHSC)	100% compliance	100% compliance	100% compliance
		100% of new tasks or newly identified hazards risk assessed in collaboration with the Wellington Harbourmaster team	100% compliance	100% compliance	100% compliance
Our Environ	Operate in a sustainable manner[4]	Net zero emissions by 2040. 30% emission reduction by2030 relative to 2019 (excluding growth)	3.3% reduction (preliminary calculation)	7% reduction on base year, excluding growth	32.7% reduction[5]
Investments	Financial performance[6]	Group EBITDA	$13.7m	$22.3m	$18.4m
		Underlying Net Profit After Tax	$7.2m	$9.8m	$8.0
		Underlying NPAT Return on Group Equity	1.6%	2.2%	1.8%
		Dividend	$5.0m (excl. $15.0m special dividend)	$6.0m	$6.0m

[4] The emission reduction target including cargo growth but excluding scope three emission activities which have shifted to scope one or two is 24% by 2030.
[5] The introduction of electric container transfer vehicles, eliminating generator usage, the return of rail onto Port, and replacing light vehicles with electric and hybrid models provides a 29.3% emission reduction. The remaining emission reduction of 3.4% is due to reduced container ship calls and the absence of cruise ship calls.
[6] A description of the key terms used in the financial performance targets is included in appendix 1

	Objective	**Performance Measure**	**FY21 Result**	**FY22 Target**	**FY22 Q4 Actual**
Investments	Major Regeneration Investments	Investment Execution Performance	Physical works continues to progress for the Container Berth Reinstatement with the project currently on programme and budget with operations still targeting end of 2021. This is dependent on material supply. Seaview Wharf Renewal resource consent application lodged just after the end of Q3 and expecting consent from regulators in July 2021. Site works targeted to commence end of 2021. Overall budget continues to be under pressure due to market conditions and constraints. KiwiRail SUT: concept design for wharf and seawall complete. Progressing to next detailed stage following announcement of ship purchase by KiwiRail at the end of June 2021. KiwiRail driving consenting process. Multi-User Ferry Precinct: Master Planning process underway. CPL leading on behalf of Future Ports Forum Inner Harbour Precinct: developing brief for Master Plan development with key stakeholders.	Operations commenced on Container Berth reinstatement Agreement with Fuel industry on Seaview Wharf renewal, and works commenced Business case approved for Ground Resilience programme, Log yard redevelopment Interislander Ferry Terminal Development business case approved, and consents obtained.	Focus on close out works for Container Berth following operationalisation of reinstated berth in previous quarter. Seaview Wharf Renewal mobilisation complete and physical works related to Phase 1A commencing out on Main Wharf head. Progress made with fuel industry on Phase 1B and 2 though slower than expected due to changes in the industry. Ground Resilience of Main Thorndon Reclamation progression in line with expectations. Area 5 completed and remainder progressing in line with expectations. Works completed by Future Ports on master plan for Multi User Ferry Precinct: Master Plan requested by Future Ports Finalising Key Terms with KiwiRail on Interislander SUT (iReX) which is progressing slower than expected. Draft Business case to be updated when finalised. CPL continue to support KiwiRail with design development and construction procurement. CPL has engaged support for Inner Harbour Precinct and will proceed with brief development and stakeholder engagement in FY23.

Directors Information

Directors holding office for the Parent and its 100% owned subsidiaries during the year were:

P M Lamason (ceased 24 November 2022)
R W G Blakeley (ceased 24 November 2022)
N O Leggett
H M Mexted
N S W Ward
G. Hughes (ceased 24 November 2022)
C Kirk-Burnnand (chairperson)
D Lee
T Nash
D Bassett

Remuneration of Directors of the Parent Company

Details of Directors' remuneration are as follows:

	2022 **$'000**	2021 $'000
N O Leggett	**17**	**15**
H M Mexted	**17**	**15**
N S W Ward	**17**	**15**
	50	**46**

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2022:

P M Lamason (Chairperson)
Wellington Regional Council (Councillor)

Hutt Valley District Health Board (Member)

Greater Wellington Rail Limited (Director)

R W G Blakeley
Wellington Regional Council (Councillor)

Greater Wellington Rail Limited (Director)

Capital and Coast District Health Board (Member)

Transpower New Zealand Limited (Director)

N O Leggett
Greater Wellington Rail Limited (Director)

Hutt Mana Charitable Trust (Trustee)

Road Transport Forum (Chief Executive)

Bulterant Trust (Trustee & Beneficiary)

H M Mexted

Greater Wellington Rail Limited (Director)

New Zealand Walking Access Commission (Board Member)

Glenora Limited (Shareholder)

N S W Ward

Greater Wellington Rail Limited (Director)

St John of God Hauora Trust (Board Member)

McIntosh Ward & Associates Limited (Shareholder & Director)

Hokoroa North Forest GP Limited (Shareholder)

G Hughes

Hamana Trustees Limited (Shareholder & Director)

Rostrevor Roof Limited (Shareholder & Director)

Collingwood Rentals Limited (Shareholder & Director)

Irico Limited (Shareholder)

Greater Wellington Rail 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)

Greater Wellington Rail Limited (Director)

Directors' Interest Register

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

Directors' Insurance

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

Directors' Use of Company Information

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

Remuneration of Employees

The Parent Company and all its 100% owned subsidiaries have no employees. The 76.9% owned subsidiary, CentrePort Limited and its group of subsidiaries who received remuneration and other benefits in excess of $100,000 are tabulated below:

	Number of current employees
$100,001 - $110,000	**10**
$110,001 - $120,000	**27**
$120,001 - $130,000	**18**
$130,001 - $140,000	**21**
$140,001 - $150,000	**13**
$150,001 - $160,000	**11**
$160,001 - $170,000	**5**
$170,001 - $180,000	**2**
$180,001 - $190,000	**2**
$190,001 - $200,000	**2**
$200,001 - $210,000	**1**
$220,001 - $230,000	**2**
$240,001 - $250,000	**3**
$250,001 - $260,000	**2**
$270,001 - $280,000	**2**
$280,001 - $290,000	**1**
$310,001 - $320,000	**1**
$320,001 - $330,000	**1**
$440,001 - $450,000	**1**
$620,001 - $630,000	**1**
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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 of Directors

Director

November 29, 2022

Director

November 29, 2022

	Notes	Group 2022 $'000	2021 $'000
REVENUE			
Operating revenue	3	**105,887**	100,360
Share of associate profit accounted for using the equity method	11	**1,260**	-
Finance income	3	**2,992**	4,031
Total revenue	3	**110,139**	104,391
Gain / (loss) in fair value movements and other gains and losses:			
Net gain on disposal of property, plant and equipment		**88**	1,067
Impairment of property, plant and equipment, goodwill and software - CentrePort	7	**(21,000)**	-
Increase/(Decrease) fair value of investment properties - CentrePort	3	**4,842**	(1,998)
EXPENDITURE			
Expenses, excluding finance costs	3	**(124,430)**	(116,657)
Finance costs	3	**(979)**	(536)
(Deficit) / surplus before taxation and subvention payment		**(31,340)**	(13,733)
Income tax benefit / (expense)	4	**32,606**	(23,679)
Profit from continuing operations		**1,266**	(37,412)
Net (deficit) / surplus after tax for the year		**1,266**	(37,412)
Other comprehensive revenue and expenditure			
Estimated Increase/(Decrease) in fair value of Rail and Public Transport assets		**70,900**	-
Deferred tax impact of estimated fair value movement - GWRL		**(19,852)**	-
Increase/(Decrease) in value of CentrePort port land after tax		**10,060**	7,010
Adjustment to Fair value for Land resilience Impact		**2,487**	7,899
Share of Net Change in Revaluation Reserve of Joint Ventures		**813**	-
		64,408	14,909
Other comprehensive income for the year, net of tax		**64,408**	14,909
Total comprehensive income for the year		**65,674**	(22,503)
Total comprehensive revenue and expenditure for the year is attributable to:			
Owner of WRC Holdings Limited		**57,558**	(21,858)
Non-controlling interest		**8,116**	(645)
		65,674	(22,503)

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2022

Group	Notes	Contributed Equity $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2020		286,145	53,830	345,950	105,169	791,094
Reclassification*		-	2,017	(2,017)	-	-
Total Comprehensive Income for the Year		-	-	(33,305)	(4,107)	(37,412)
Contributed Equity		16,400	-	-	-	16,400
Increase / (Decrease) in Revaluation reserve		-	11,528	-	3,463	14,991
Dividends		-	-	(14,600)	(4,615)	(19,215)
Balance as at 30 June 2021		**302,545**	**67,375**	**296,028**	**99,910**	**765,862**
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Group	Notes	Contributed Equity $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2021		302,545	67,375	296,028	99,910	765,858
Reclassifications**		-	(263)	263	-	-
Total Comprehensive Income for the Year		-	-	(3,739)	5,005	1,266
Contributed Equity		14,400	-	-	-	14,400
Increase / (Decrease) in Revaluation reserve		-	61,297	-	3,111	64,408
Dividends		-	-	(3,800)	(1,385)	(5,185)
Balance as at 30 June 2022		**316,945**	**128,409**	**288,752**	**106,641**	**840,747**
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* There was a reclassification of $2.017 million between Revaluation Reserves and Retained Earnings for CentrePort on 1 July 2019 to correct for revaluations that have previously been incorrectly included in Other Comprehensive Income instead of Profit from Continuing Operations.

**There has been an adjustment to revaluation reserves and retained earnings of $0.263 million related to 2020/21 on consolidation from CentrePort. For CentrePort, this amount is recognised in the Statement of Comprehensive Income, however for WRC Holdings Group Limited, this requires an adjustment to the revaluation reserve.

WRC Holdings Limited
Statement of Financial Position
As at 30 June 2022

	Notes	Group 2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	14	**141,624**	192,117
Trade and other receivables	5	**12,196**	10,277
Other financial assets	19	**19,461**	19,902
Inventories	6	**3,318**	2,914
Current tax receivables	4	**475**	-
Current accounts - GWRC		**6,833**	6,740
Total current assets		**183,907**	231,950
Non-current assets			
Property, plant and equipment	7	**766,787**	671,095
Intangible assets	8	**357**	3,191
Investments in joint venture	11	**12,818**	-
Loans and Advances to Joint Venture		**7,670**	7,753
Investment properties	10	**62,617**	55,493
Deferred tax assets	12	**21,249**	19,084
Total non-current assets		**871,498**	756,616
Total assets		**1,055,405**	988,566
LIABILITIES			
Current liabilities			
Trade and other payables		**15,631**	15,096
Interest bearing liabilities	13	**11,000**	51,500
Taxation payable	4	**-**	2,198
Provisions for employee entitlements	15	**3,659**	3,176
Total current liabilities		**30,290**	71,970
Non-current liabilities			
Interest bearing liabilities	13	**44,000**	-
Provision for employee entitlements	15	**163**	167
Deferred tax liabilities	12	**140,207**	150,567
Total non-current liabilities		**184,370**	150,734
Total liabilities		**214,660**	222,704
Net assets		**840,751**	765,862
EQUITY			
Contributed equity	16	**316,945**	302,545
Reserves		**128,410**	67,376
Retained earnings		**288,756**	296,033
Non-controlling interest	17	**106,640**	99,908
Total equity		**840,751**	765,862

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

Director
November 29, 2022

Director
November 29, 2022

The accompanying notes form part of these financial statements.

WRC Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2022

	Notes	Group 2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		**83,648**	81,371
Rental income		**6,664**	6,642
Interest income received		**2,612**	5,516
Subsidies		**14,961**	13,531
		107,886	107,060
Cash was applied to:			
Payments to suppliers and employees		**(89,726)**	(92,173)
Income taxation paid		**(2,450)**	(2,509)
Interest expense paid		**(896)**	(455)
Temporary work and demolition costs		**-**	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	**14,814**	11,923
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of Property, Plant & Equipment		**113**	4,899
Proceeds from matured investments		**19,902**	19,726
Cash was applied to:			
Purchase of Property, Plant & Equipment		**(65,400)**	(69,720)
Development of Investment Properties		**(2,340)**	(2,797)
Investment in Joint Ventures		**(10,845)**	(7,680)
Dividends received		**100**	-
Purchase of investments		**(19,461)**	(19,902)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(77,931)**	(75,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings		**3,500**	7,500
Issue of ordinary shares		**14,400**	16,400
Cash was applied to:			
Movement in current account		**(91)**	928
Dividends paid to shareholders		**(5,185)**	(19,215)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**12,624**	5,613
Net increase / (decrease) in cash, cash equivalents & bank overdraft at year end		**(50,493)**	(57,938)
Add opening cash, cash equivalents / (overdraft) brought forward		**192,117**	250,055
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END	14	**141,624**	192,117

The accompanying notes form part of these financial statements.

1 Statement of compliance

The "Group" consists of WRC Holdings Limited, its wholly owned subsidiaries, Greater Wellington Rail Limited and its 76.9% subsidiary CentrePort Limited, together with its subsidiaries, as disclosed in note 9. WRC Holdings principal address is 100 Cuba Street, Te Aro, Wellington, New Zealand.

WRC Holdings Limited provides transport, infrastructure, buildings and port facility and operations to the Greater Wellington region via the subsidiaries, for community and social benefit, rather than to make a financial return. Accordingly, WRC Holdings Limited is designated as public benefit entity (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

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 Practice (NZ GAAP).

These financial statements are presented in accordance with Tier 1 PBE Accounting Standards and comply with PBE Standards.

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

The Financial Statements were authorised for issue by WRC Holdings Limited on 29 November 2022.

2 Statement of accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port freehold land, investment properties and financial instruments as outlined below.

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

For the purposes of financial reporting, WRC Holdings Limited is designated as a public benefit entity. The subsidiary companies comprise Greater Wellington Rail Limited and CentrePort Limited. CentrePort Limited is designated as a profit-oriented entity and Greater Wellington Rail Limited is designated as a public benefit entity.

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

Specific accounting policies

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

(b) Critical accounting estimates and judgements

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

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

Income tax calculations (note 4)

The estimated fair value of Rolling Stock and Rail Infrastructure (note 7).

Fair value of Port land (note 7)

Impairment of Port assets held at cost (note 7)

Recognition of deferred tax assets and liabilities (note 12)

(c) Basis of consolidation

The Group financial statements include WRC Holdings Limited (the Parent) and its subsidiaries. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results, assets, and liabilities of joint ventures are incorporated into these financial statements using the equity method.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, a gain or loss is recognised in revenue and expenditure and is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any returned interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive revenue and expenditure and accumulated in equity, the amounts previously recognised in other comprehensive revenue and expenditure and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to revenue and expenditure or transferred directly to retained earnings as specified by applicable PBE Accounting Standards).

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent gains control until the date when the Parent ceased to control the subsidiary. Refer to note 9.

All intra-group transactions are eliminated on consolidation. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(d) Statement of cash flow

The following are the definitions used in the statement of cash flow:

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

(ii) Investing activities are those activities relating to the acquisition and disposal of property, plant and equipment, investment property, intangible assets and joint ventures. Investments include securities not falling within the definition of cash.

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

(iv) Operating activities comprise the principal revenue-producing activities of the group and other activities that are not considered to be investing or financing activities.

(e) Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Standards, amendments, and interpretations effective in the current period

New Standards not yet adopted

The following are the significant new or revised standards or interpretations in issue that are not yet required to be adopted by entities preparing financial statements for periods ending 30 June 2022.

PBE IPSAS 41 Financial instruments - effective 1 January 2022

PBE IPSAS 41 supersedes PBE IPSAS 29 Financial Instruments: Recognition and Measurement. It is effective for the year ending 30 June 2023, with early adoption permitted. The main changes between PBE IPSAS 29 and PBE IPSAS 41 are: New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.

Revised hedge accounting requirements to better reflect the management of risks.

GWRL has not yet determined how the application of PBE IPSAS 41 will affect the carrying value of its financial instruments. Additional financial instrument disclosures may be required.

PBE FRS 48 Service Performance Reporting - effective 1 January 2022

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements. The main impact of the new standard is that additional information will need to be disclosed on those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information. The company has not yet determined how application of PBE FRS 48 will affect its statement of performance and does not plan to early adopt the standard.

New standard applied

PBE IPSAS 2 Cash Flow Statements

An amendment to PBE IPSAS 2 Cash Flow Statements requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The new information required by this amendment has been disclosed in Note 18.

3 Operating surplus / (deficit) before subvention and taxation

Accounting policies

Applicable accounting policies are explained below:

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.
The specific recognition criteria described below must also be met before revenue is recognised.

(i) Rendering of services

Revenues from services are recognised in the accounting period in which the services have been rendered.

(ii) Rental income

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

(iii) Dividend and interest revenue

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Grant revenue

Revenue from non-exchange grants is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- It is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- The transfer is free from conditions that require the asset to be refunded or returned to the grantor if the conditions are not fulfilled.

3 Operating surplus / (deficit) before subvention and taxation (continued)

	Group	
	2022	2021
	$'000	$'000
Other revenue		
Rental income (exchange revenue)	**25,506**	24,958
Operating Revenue	**60,780**	57,902
CentrePort income (exchange revenue)	**4,559**	3,969
Operational grants from GWRC (non-exchange revenue)	**14,967**	13,531
Interest received	**75**	-
	105,887	100,360
Fair value movements and other gains and losses:		
Net Gain/(Loss) on Sale of Property plant and equipment	**88**	1,067
Impairment of property plant and equipment, goodwill and software - CentrePort	**(21,000)**	-
Fair value (loss) gain on CentrePort investment property	**4,842**	(1,998)
	(16,070)	(931)
Expenses, excluding finance costs		
Amortisation	**190**	259
Employee benefits expense	**25,962**	24,631
Depreciation	**34,476**	28,265
Audit services	**354**	304
Director's fees and expenses	**616**	599
Management fees	**214**	155
Repairs and maintenance	**20,672**	18,109
Rates and Insurance	**6,978**	7,582
Other operating expenses	**34,055**	35,261
Tax services	**46**	79
Consultants- legal	**3**	6
Rental and lease expenses	**864**	1,407
	124,430	116,657
Finance costs		
Interest costs	**(979)**	(536)
Interest received	**2,992**	4,031
Net finance costs	**2,013**	3,495
Share of associate profit accounted for using the equity method	**1,260**	-
Operating surplus/(deficit) before subvention, taxation	**(31,340)**	(13,734)

4 Taxation

Accounting policy

The tax expense for the period comprises current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Recognition and measurement

Tax is recognised on the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the tax is recognised in the statement of comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

Key Assumptions

During the year ended 30 June 2022, CentrePort finalised its binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of the insurance proceeds.

During the 2020/21 financial year, Inland Revenue disagreed with the classification of specific assets deemed to be disposed, which resulted in an additional income tax expense of $23.5 million which was recognised in the 30 June 2021 year. An alternative tax treatment was subsequently agreed with Inland Revenue and included in the finalised binding ruling, resulting in a reversal of this income tax expense adjustment.

	Group	
	2022	2021
	$'000	$'000
(a) Income tax recognised in profit or loss		
Tax expense / (benefit) comprises:		
Current tax expense / (income)	**(222)**	4,179
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**(9,776)**	(605)
Adjustments recognised in current period in relation to deferred tax in prior periods	**(22,607)**	20,102
Tax loss recognised	**-**	-
Total current tax	**(32,605)**	23,676
Total Tax (benefit) / expense	**(32,605)**	23,676
Income Tax Receivable / (Payable)		
Opening Balance	**(2,198)**	(526)
Income tax paid / (refunded)	**2,446**	2,506
Prior Year Adjustment	**949**	(4,178)
Current Year Tax (Liability) / Benefit	**(722)**	-
	475	(2,198)

	Group	
	2022	2021
	$'000	$'000
(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	**(31,340)**	(13,733)
	(31,340)	(13,733)

4 Taxation (continued)

Income tax (benefit) / expense calculated at 28%	**(8,775)**	(3,845)
Non-deductible expenses	**5,136**	4,389
Non-assessable income	**(5,206)**	(4,552)
Land and buildings reclassification	**-**	-
(Increase) / decrease in value of developed investment property land	**(1,356)**	633
Non-assessable increase / (decrease) in value of land for development	**-**	-
Tax effect of imputation credits	**-**	-
Temporary differences	**-**	-
Recognition of deferred tax on buildings	**460**	(565)
Tax effect of unimputed portion of intercompany dividend	**-**	1,592
Insurance Proceeds on non-depreciable assets	**(1,478)**	-
Unused tax losses and tax offsets not recognised	**-**	-
Change in use of assets	**-**	-
Permanent differences	**2,166**	1,743
	(9,053)	(605)
(Over) / under provision of income tax in previous period	**(23,553)**	24,282
Income tax expense	**(32,606)**	23,677

(c) Imputation credit account balances

Balance at end of the period	**12,358**	14,142

(d) Tax losses not recognised

WRC Holdings Limited have unrecognised tax losses of $8.43 million (2021: $7.63 million) available to be carried forward and to be offset against taxable income in the future.

The tax effect of these losses at 28% is $2.36 million (2021: $2.14 million).

5 Trade & other receivables

Accounting policy

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

	Group	
	2022	2021
	$'000	$'000
Trade debtors	**7,777**	8,398
Other receivables	**3,101**	1,509
Prepayments	**1,318**	369
	12,196	10,276

Provision for doubtful debts

	Group	
	2022	2021
	$'000	$'000
Opening balance	**100**	100
Amounts written off during the year	**(100)**	-
Increase in allowance recognised in statement of comprehensive income	**-**	-

5 Trade & other receivables (continued)

Closing balance	-	100

The average credit period on sales is 30 days.

Included in trade receivables are debtors with a carrying amount of $1.43 million, which are past due at 30 June 2022 (2021: $1.37 million). The Group believes that the amounts (net of doubtful debt provision) are recoverable.

6 Current Assets - Inventory

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost of crushed concrete and spare parts is calculated using the weighted average cost method. Spare parts are held for maintenance purposes only.

No inventories are held as security for liabilities as at 30 June 2022 (2021: Nil).

	Group	
	2022	2021
	$'000	$'000
Kaiwharawhara crushed concrete	**1,117**	1,506
Spares stock control	**1,869**	1,299
Fuel and stock control	**332**	108
	3,318	2,913

7 Property, plant and equipment

Accounting policy

The Group has the following classes of property, plant and equipment:

Operational port freehold land
Buildings
Wharves and paving
Cranes and floating equipment
Plant, vehicles and equipment
Rail Infrastructure
Rail rolling stock

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2022, adjusted for the estimated land resilience costs.

7 Property, plant and equipment (continued)

The Group's Policy is to get a formal valuation every 3 to 5 years, but this has been brought forward due to the current market conditions. When there is no formal valuation performed the fair value of Operational Port Land is reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in Other Comprehensive Income and accumulated as a separate component of equity in the properties Revaluation Reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in Profit or Loss, in which case the increase is credited to Profit or Loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the Profit or Loss to the extent that it exceeds the balance, if any, held in the property's Revaluation Reserve relating to a previous revaluation.

Property, Plant & Equipment (other than Operational Port Land, Rolling Stock and Transport Infrastructure) is recorded at cost less accumulated depreciation and
impairment. Cost represents the value of the consideration to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service.

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

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 Bayley's Valuations Limited as at 30 June 2019 using Optimised Depreciated Replacement Cost (ODRC) methodology.

At each reporting date, management is required to perform a desktop assessment to assess if there are any indications that the carrying values of revalued assets are materially different to the fair values. For GWRL, the assessment as at 30 June 2022 indicated that the movements in the estimated fair values of Rolling Stock and Transport Infrastructure are material. This has resulted in a $70.900 million estimated increase in the value of the Rolling Stock and Transport Infrastructure asset classes and the revaluation reserve. The increase in the revaluation reserve is partially offset by a $19.852 million deferred tax liability, resulting from the adjustment. This adjustment is an interim estimate only and a full revaluation of these asset classes will be performed in 2022/23.

In estimating the replacement cost of Rolling Stock, the same methodology was applied as the most recent valuation in 2019. The manufacturer of the Rolling Stock units was able to provide the increase in the cost of similar rolling stock units over this period. The estimated increase in the ODRC of Rolling Stock was $34.900 million.

Similarly, in estimating the replacement cost of Transport Infrastructure assets, cost information was obtained from recent projects. The estimated increase in the ODRC of Transport Infrastructure is $36.000 million.

The assessments have not been reviewed by an independent party.

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

- Buildings	5 to 50 years
- Wharves and paving	2 to 100 years
- Cranes and floating equipment	4 to 30 years
- Plant, vehicles and equipment	2 to 50 years
- Rail rolling stock	5 to 30 years
- Rail Infrastructure	1 to 150 years
- Capital work in progress	Not depreciated

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

Impairment

During the year ended 30 June 2022, the CentrePort Group tested for the impairment of Goodwill previously acquired in a business combination. Due to the current uncertainty surrounding the economic outlook and supply chains, a low cargo volume scenario was selected which resulted in a total impairment of $21.0 million, of which $18.3 million was applied to Plant and Equipment.

7 Property, plant and equipment (continued)

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Year ended 30 June 2022								
Opening net book amount	89,165	11,356	65,724	26,620	25,546	344,046	108,640	671,094
Additions	13,599	-	-	-	-	-	-	13,599
Transfers	-	832	43100	507	4,001	5,800	1,054	55,294
Disposals / written off	-	(2)	(1)	-	(18)	-	-	(21)
Reclassification	-	-	-	-	-	-	-	-
Revaluation gain / (loss)	10,060	-	-	-	-	34,900	36,000	80,960
Impairment	-	(1,433)	(10,414)	(3,476)	(2,965)	-	-	(18,288)
Depreciation charge	-	(1,111)	(3,730)	(2,738)	(2,271)	(19,799)	(4,821)	(34,470)
Work in progress movement	-	284	(8,887)	415	(2,512)	1,027	5,805	(3,869)
Provision for Resilience	2,487	-	-	-	-	-	-	2,487
Closing net book amount	**115,313**	**9,924**	**85,792**	**21,328**	**21,781**	**365,974**	**146,678**	**766,787**
As at 30 June 2022								
Cost / Revaluation	143,077	21,087	141,953	60,394	38,415	365,974	146,679	917,578
Accumulated impairment/ Resilience provision	(27,763)	-	-	-	-	-	-	(27,763)
Accumulated depreciation	-	(11,163)	(56,161)	(39,066)	(16,634)	-	-	(123,028)
Closing Balance 30 June 2022	**115,313**	**9,924**	**85,792**	**21,328**	**21,781**	**365,974**	**146,678**	**766,787**

Work in Progress	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Opening Balance 1 July 2021	-	1,058	32,513	487	1,796	1,325	9,107	46,286
Transfers	-	(422)	(43,642)	(1,868)	(2,576)	1,027	5,805	(41,676)
Additions	-	85	33,377	1,381	2,966	-	-	37,808
Closing Balance 30 June 2022	**-**	**721**	**22,248**	**-**	**2,186**	**2,348**	**14,913**	**42,415**

7 Property, plant and equipment (continued)

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Year ended 30 June 2021								
Opening net book amount	62,420	14,971	31,218	32,723	11,161	354,179	102,694	609,366
Additions	11,197	1,103	-	-	-	-	-	12,300
Transfers	-	141	18,660	2,332	15,180	10,469	12,409	59,408
Disposals / written off	(2,200)	(16)	(42)	(1,470)	(258)	-	(53)	(4,039)
Reclassification	3,102	-	-	-	-	-	-	3,102
Revaluation gain / (loss)	6,747	-	-	-	-	-	-	6,747
Impairment	-	-	-	-	-	-	-	-
Depreciation charge	-	(877)	(2,036)	(2,864)	(1,632)	(16,645)	(4,205)	(28,259)
Work in progress movement	-	(3,966)	17,924	(4,101)	1,095	(4,177)	(2,206)	4,569
Provision for Resilience	7,899	-	-	-	-	-	-	7,899
Closing net book amount	89,165	11,356	65,724	26,620	25,546	343,826	108,639	671,092
As at 30 June 2021								
Cost / Revaluation	132,755	22,166	150,247	59,598	38,381	377,334	116,826	897,307
Accumulated impairment/ Resilience provision	(43,590)							(43,588)
Accumulated depreciation	-	(10,812)	(84,523)	(32,978)	(12,835)	(33,290)	(8,186)	(182,625)
Closing Balance 30 June 2021	89,165	11,356	65,724	26,620	25,546	343,826	108,640	671,092

Work in Progress	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Opening Balance 1 July 2020	-	4,708	14,129	3,941	3,853	5,503	11,314	43,448
Transfers	-	(4,453)	(12,784)	(7,498)	(11,242)	(3,961)	(2,206)	(42,145)
Additions	-	803	31,168	4,044	9,185	-	-	45,200
Closing Balance 30 June 2021	**-**	**1,058**	**32,513**	**487**	**1,796**	**1,542**	**9,107**	**46,503**

7 Property, plant and equipment (continued)

Valuation Approach for Fixed Assets measured at Fair Value

Operational Port Land has been valued in accordance with the relevant Valuation Guidance and PBE IPSAS 17 Property Plant and Equipment. Operational Port Land was valued on 30 June 2022 by independent registered valuers of the firm Colliers International.

Operational Port Land comprises Industrial Zoned Land and Other Port Land (2021: Industrial Zoned Land, Commercial Zoned Land and Other Port Land) and the fair values have been determined in accordance with International Valuation Standards and Australia and New Zealand Valuation and Property Standards NZVTIP 2 - Valuations for Real Property, Plant & Equipment for Use in New Zealand Financial Reports and PBE IPSAS 17 Property, Plant and Equipment.

Operational Port Land

(a) Industrial Zoned Land

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however ignoring any and all operational buildings, structures and improvements involved in the daily operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties ("Leasehold Land") as part of port operations.

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services including road frontage, exposure to vehicles, allowable height, and density of use
- the current state of the Wellington and wider New Zealand economy
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, where market ground rental is capitalised with reference to sales of lessor's interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Significant inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease;
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate per square metre and multiplies by the land area leased, and the
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Other key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient are to be borne by CentrePort and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment below.

The following table summarises the valuation approach used by the valuers to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs:

7 Property, plant and equipment (continued)

Industrial Zoned Land	**Assessed Value $'000**	**Valuation approach**	**Key valuation assumptions**	**Valuation impact**
Freehold Land	$ 102.0m (2021: $98.0)*	Direct Sales Comparison approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $50psqm to $1,650psqm (2021: $50psqm to $1,600psqm)	+-5% $5.1m (2021: +-5% $4.9m)
		Market Capitalisation	Capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive the value. The rate selected was 6.25% (2021: 6.5%)	+-0.25% $0.1m (2021: +-0.25% $0.1m*)
		Discounted Cash Flow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 7.5% (2021: 7.75%)	+-0.25% $0.1m (2021: +-0.25% $0.03m*)
Leasehold Land	$11.5m (2021: $7.4m)	Capitalised Net Rental approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $1,500psqm to$1,750psqm (2021: $1,100psqm to $1,350psqm)	+-5% $0.4m (2021: -0.5% $0.4m +0.5% $0.3m)
Assessed Value	**$113.5m (2021: $104.7m)**			
Provision for Land Resilience	$27.8m) (2021: ($43.6m))	Cost estimates	Estimated cost of completing land resilience work.	+-15% $4.2m (2021: +-15% $6.5m)
Total Fair Value	**$85.7m (2021: $61.8m)**			

*Certain prior year comparatives have been reclassified to align with current year presentation.

7 Property, plant and equipment (continued)

Operational Port Land Resilience

-An adjustment of $27.8 million has been made to the fair value of Operational Port Land at 30 June 2022 (2021: $43.6 million) to recognise the resilience work that needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The resilience works costs are estimated with reference to the costs for remediation works already undertaken for part of the operational port land and third party cost estimates. $13.3 million of remediation works were completed during the year. The land resilience provision was decreased by $2.5 million for the revised estimate of the cost to complete the remediation works.

There is a high level of uncertainty attached to the level of adjustment to be recognised against the port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

(b) Other Port Land

Other Port Land is made up of Freehold land and land leased out to third parties ("Leasehold Land"). Significant ancillary services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach - this is where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease.
- Market Capitalisation approach - This is where fair value is determined by assessing the property's market ground rental and then capitalising this using an appropriate yield.
- Discounted Cashflow approach - This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land
- perpetually renewable or terminating lease
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Other key assumptions underlying the valuation are set out below:
The 2022 rent reviews have not been undertaken or initiated by either party. The valuation assumes the rentals have remained at those levels previously payable.

7 Property, plant and equipment (continued)

The following table summarises the key inputs and assumptions used by the valuer to arrive at an assessed value and the sensitivity of the valuation to movements in unobservable inputs:

Other Port Land	Assessed Value	Valuation Approach	Key Valuation Assumptions	Valuation Impact
Leasehold Land	$26.5m (2021: $24.4m*)	Capitalised Net Market Rental	The rate per sqm applied to the subject property. This ranges from $150psqm to $750psqm (2021: $150psqm to $700psqm)	+-5% $1.3m (2021: +-5% $1.2m)
Freehold Land	$3.1m (2021: $3.0m)	Market Capitalisation	Market capitalisation rate – the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive the value. This is set at 8.25% (2021: 8.5%).	+-0.25% $0.3m (2021: +-0.25%$0.3m*)
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 8.75% (2021: 9.0%).	+-0.25% $0.2m (2021: +-0.25%$0.2m*)
Total Fair Value	$29.6m (2021: $27.4m)			

*Certain prior year comparatives have been reclassified to align with current year presentation.

8 Intangible assets

Accounting policy

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

The amortisation expense is included in operating expenses in the statement of comprehensive revenue and expense.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with Software as a Service arrangements are expensed and capitalised only when configuration and customisation expenses create an intangible asset, that is separate to the software. The Group must be able to control the intangible asset and to restrict other's access to the benefits.

(ii) Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

8 Intangible assets (continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Determining the recoverable amount for the port operations cash generating unit

Significant capital expenditure was incurred in the current year in relation to the regeneration programme which is expected to continue for several years in the future. The increase in the fixed assets of the port operations cash generating unit (CGU) increases the risk that the net assets of the CGU (including the balance of goodwill) may be higher than its recoverable amount. CentrePort has assessed that its assets which are subject to impairment testing are within one CGU with the exception of Direct Connect Container Services Limited, Dixon & Dunlop Limited and Marlborough Inland Hub Limited. This means that all assets work together to generate cash flows. The key premise of this assumption is that the harbour enables the port to exist.

To assess the port operations cash generating unit including goodwill for impairment, the recoverable amount was determined through applying the fair value less cost of disposal method. The fair value is determined through the income approach as allowed by NZ IFRS 13 Fair Value Measurements, in which the estimated future cash flows over the next 30 years are discounted to a present value. Estimated future cash flows are based on past experiences and factor in the current disruption to the global and local supply chains.

An impairment assessment was calculated for the port operations cash generating unit and it was concluded that there was an impairment of $21.0 million to recognise, and therefore, the impairment was first allocated to goodwill ($2,675 million) and the remainder to non-current assets valued at cost - Property, Plant and Equipment ($18,288 million - see note 7) and Software ($0.037 million). The recoverable amount was calculated based on three scenarios. The lower cargo volume scenario was selected as managements best estimate due to the current uncertainty surrounding the economic outlook and supply chains.

The key assumptions in the impairment model and related sensitivity are as follows:

Assumption	Notes	**Value of assumption**	**% Change in assumption**	**$ value impact of change in assumption on the valuation model**
Weighed average cost of capital (discount rate)		7.4%	**0.4%**	**($39m)**
			(0.4)%	**$40m**
Terminal growth rate		2.0%	**0.2%**	**$7m**
			(0.2)%	**($6m)**
			0.2%	**$23m**
Indexation		2.0%	**(0.2)%**	**($22m)**
Revenue throughout forecast period			**5.0%**	**$76m**
			(5.0)%	**($76m)**
Forecasted Capital Expenditure throughout forecast period			**5.0%**	**($26m)**
			(5.0)%	**$26m**

Whilst not included in the key assumptions table the following other key assumptions are also included in the model:
- Forecasted sales volumes and prices for containers, logs, fuel, and cruise ships
- Cost of disposal of the CGU
- Operating costs of the CGU

Group	Goodwill $'000	Computer software $'000	Total $'000
Year ended 30 June 2021			
Opening net book amount	2,675	789	3,464
Additions	-	14	14
Transfer from WIP	-	48	48
Disposals	-	(72)	(72)
Amortisation charge	-	(263)	(263)
Closing net book amount	**2,675**	**516**	**3,191**
Cost	2,675	3,250	5,925
Accumulated amortisation and impairment	-	(2,734)	(2,734)
Net book amount	**2,675**	**516**	**3,191**

Group	Goodwill $'000	Computer software $'000	Total $'000
Year ended 30 June 2022			
Opening net book amount	2,675	516	3,191
Transfers from WIP	-	84	84
Reclassification	-	(15)	(15)
Impairment loss	(2,675)	(37)	(2,712)
Amortisation charge	-	(190)	(190)
Closing net book amount	**-**	**358**	**358**
Cost	-	3,327	3,327
Accumulated amortisation and impairment	-	(2,970)	(2,970)
Net book amount	**-**	**357**	**357**

9 Investments in subsidiaries

Accounting policy

Investments in subsidiaries are valued annually at the lower of cost and net asset backing. The change in valuation is recognised in the statement of comprehensive revenue and expenditure.

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

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	Principal activity	Place of incorporation and operation	Proportion of ownership interest held by the Group 2022	2021
Greater Wellington Rail Limited	Rail rolling stock owner	New Zealand	**100.0%**	100.0%
Wellington Port Coldstores Limited	Cold Storage	New Zealand	**76.9%**	76.9%
CentrePort Limited	Port operations	New Zealand	**76.9%**	76.9%
CentrePort Properties Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
CentrePort Captive Insurance Limited*		New Zealand	**76.9%**	76.9%

*With the approval of the Board and Shareholders, CentrePort Limited established CentrePort Captive Insurance Limited. The company was created to more effectively manage risks and costs of CentrePort's asset base. CentrePort Captive Insurance Limited was incorporated on 27 May 2021 with $1 million of capital.

10 Investment Properties

Investment Property

Investment Property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in profit or loss in the period in which they arise.

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development
- Lessors Interests

Valuation Approach

Investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date.

The fair value of investment properties is based on the highest and best use for commercial property.

	Group	
	2022	2021
	$'000	$'000
Developed Investment Properties	**31,767**	26,000
Land Available for Development	**30,850**	29,493
	62,617	55,493
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Developed Investment Property as at 1 July	**26,000**	29,901
Consolidated from SPV's	**-**	-
Additions	**124**	-
Increase / (decrease) in fair value	**5,643**	(3,901)
	31,767	26,000
Land Available for Development	**29,493**	30,003
Consolidated from SPV's	**-**	-
Additions	**2,157**	2,458
Impairments and Fair Value Change (earthquake)	**-**	-
Increase / (decrease) in fair value	**(800)**	1,903
Transfer/ Reclassifications	**-**	(4,871)
	30,850	29,493

Valuation Approach

(a) Developed Investment Property

The Developed Investment Property consists of the Customhouse building (2021: the Customhouse building). This property is leased to a third party.

Developed investment Property is valued using a combination of the following approaches:

- Contract Income approach - This is where fair value is determined by directly capitalising the passing income. This method is effective where income is receivable from a secure tenant, however this is less effective where the current contract rent varies from the assessed market rent due to various factors.

- Market Capitalisation approach - This is where fair value is determined by capitalising the property's market rental at an appropriate yield, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.

- Discounted Cashflow approach - This is where fair value is determined by a present value of the projected cashflow of the property over a 10 year period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

(b) Land Available for Development

Land Available for Development consists of the Harbour Quays Development Land and the site of the former BNZ Building (2021: Harbour Quays Development Land, former BNZ Building, and the former Statistics House).

Land Available for Development is valued using a Direct Sales Comparison approach - This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

Other key assumptions underlying the valuation are set out below:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The valuation is based on the current Masterplan and the provision of several development sites across the precinct. Any alteration to the Masterplan or development sites may have an impact on the valuation.
- There are limitations to the soil along the reclamation edge and ground improvements are needed across the sites to mitigate the risk of lateral spread. This was factored into the valuation and the adopted values reflect the requirement for additional sub terrain site strengthening costs likely to be incurred as part of any new development.
- The valuation assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are assumed to be borne by CentrePort and have been excluded from Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value in these financial statements.
- Due to low market confidence in the precinct (particularly for office uses); market assurance needs to be regained. This is perceived to be difficult should CentrePort decide against a strengthened seawall and elect for a compromised alternative solution.
- All interim income generated from the vacant sites has been disregarded. This income does help offset operating expenses and holding costs, however, many of the 'vacant' land sales referenced to value the subject land, also similarly have existing income pending redevelopment.

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

Class of Property	Fair Value $'000	Valuation Approach	Significant Input	Range of significant input
Developed Investment Property	$31.8m (2021: $26.0m)	Contract Income	Capitalisation rate - the rate of return determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.0% (2021:8.5%)	+-0.25% $1.5m (2021: -0.25% $0.75m + 0.25% $1.0m)
		Market Capitalisation	Capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 6.25% (2021: 7.75%)	+0.25% $1.5m -0.25% $2.0m (2021: +- 0.25% $1.0m)
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cashflows. The rate selected was7.5% (2021: 8.0%)	+0.25% $0.72m-0.25% $0.74m (2021: +- 0.25%$0.54m)
Land Available for Development	$39.7m (2021: $37.6m)	Direct Sales Comparison	Weighted average land value - the rate per sqm applied to the subject property. The rates applied ranged from $125-$2,625 per sqm (2021: $120-$2,500 per sqm)	+-5.0% $2.0m (2021: +-5.0% $1.9m)
Assessed Value	**$71.4m (2021: $63.9m)**			
Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	($8.8m) (2021: ($8.4m))	Cost estimates	Estimated cost of completing works on Land Available for Development.	+-10% $0.9m (2021: +-10%$0.8m)
Total Fair Value	**$62.6m (2021: $55.5m)**			

11 Joint Venture Information

Accounting policy

Interests in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Cash-Generating Assets as a single asset by comparing the recoverable amount (the higher of value in use and fair value less costs to sell) with the carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 Impairment of Cash-Generating Assets to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

Nature of investment in joint ventures 2022 and 2021

Name of entity	**Principal activities**	**Proportion of interest**	
		2022	**2021**
Direct Connect Container Services Limited	Container storage and transportation	50%	50%
Marlborough Inland Hub Limited*	Development	50%	- %
Dixon & Dunlop Limited**	Construction & development	50%	- %

*The Marlborough Inland Hub joint venture between Port Marlborough and CentrePort will see the development of the Riverlands site. A total of 7 hectares of the 32-hectare site is expected to be utilised for the hub with the remainder available to prospective parties.

**CentrePort completed a 50% acquisition of civil contracting company Dixon & Dunlop in September 2021.

11 Joint Venture Information (continued)

Summarised financial information

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000
Current								
Cash and cash equivalents	**376**	354	**1,368**	-	**-**	-	**1,744**	354
Other current assets (excluding cash)	**349**	304	**1,653**	-	**-**	-	**2,002**	304
Total current assets	**725**	658	**3,021**	-	**-**	-	**3,746**	658
Other current liabilities (including trade payables)	**(308)**	(251)	**(1,269)**	-	**(254)**	-	**(1,831)**	(251)
Total current liabilities	**(308)**	(251)	**(1,269)**	-	**(254)**	-	**(1,831)**	(251)
Non-current								
Non-current assets	**14,885**	15,043	**5,067**	-	**15,370**	-	**35,322**	15,043
Total non-current assets	**14,885**	15,043	**5,067**	-	**15,370**	-	**35,322**	15,043
Financial liabilities	**(16,160)**	(16,160)	**-**	-	**-**	-	**(16,160)**	(16,160)
Total non-current liabilities	**(16,160)**	(16,160)	**-**	-	**-**	-	**(16,160)**	(16,160)
Net assets	**(858)**	(710)	**6,819**	-	**15,116**	-	**21,077**	(710)

Summarised statement of comprehensive income

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000	**2022** $'000	2021 $'000	**2022 $'000**	2021 $'000
Revenue	**3,460**	2,757	**13,104**	-	-	-	**16,564**	2,757
Operating expenses	**(3,609)**	(2,822)	**(10,583)**	-	-	-	**(14,192)**	(2,822)
Net finance cost	**-**	-	**-**	-	-	-	**-**	-
	(149)	(65)	**2,521**	-	-	-	**2,372**	(65)

11 Joint Venture Information (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Additional investment	**-**	(327)	**4,095**	-	**6,750**	-	**10,845**	(327)
Share of Profit/(loss)	**(74)**	(33)	**1,260**	-	**-**	-	**1,186**	(33)
Dividends received	**-**	-	**(100)**	-	**-**	-	**(100)**	-
Movement through OCI	**-**	-	**-**	-	**813**	-	**813**	-
Gain on sale of asset	**-**	4	**-**	-	**-**	-	**-**	4
Applied against loan	**74**	355	**-**	-	**-**	-	**74**	355
Closing net assets	**-**	-	**5,255**	-	**7,563**	-	**12,818**	-

	Group 2022 $'000	2021 $'000
Share of profit / (loss) of joint ventures	**1,186**	(33)
Applied against loan advances	**74**	33
Total current assets	**1,260**	-

12 Deferred tax

Accounting policy

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.

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 Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax 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.

Recognition and Measurement

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

	Group	
	2022	2021
	$'000	$'000
The balance comprises temporary differences attributable to:		
Tax losses	**20,260**	18,500
Temporary differences	**(139,218)**	(149,984)
Net Deferred Tax	**(118,958)**	(131,484)
Deferred tax assets	**21,249**	19,084

12 Deferred tax (continued)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Tax losses $'000	Insurance recoverable $'000	Total $'000
At 1 July 2020	-	(92,398)	809	16,078	(36,475)	(111,986)
Charged to income	-	(8,225)	(225)	2,422	(13,470)	(19,498)
At 30 June 2021	-	(100,623)	584	18,500	(49,945)	(131,484)

Movements - Group	Property, plant and equipment $'000	Trade and other payables $'000	Tax losses $'000	Insurance recoverable $'000	Other financial liabilities $'000	Total $'000
At 1 July 2021	(100,623)	584	18,500	(49,945)	-	(131,484)
Charged to income	911	405	1,760	29,695	(393)	32,378
Charged to equity	(19,852)	-	-	-	-	(19,852)
At 30 June 2022	(119,564)	989	20,260	(20,250)	(393)	(118,958)

13 Interest bearing liabilities

	Group 2022 $'000	2021 $'000
Current		
Borrowings	**-**	44,000
NZ Green Investment Finance	**11,000**	7,500
Total secured current interest bearing borrowings	**11,000**	51,500
Non-current		
Borrowings	**44,000**	-
NZ Green Investment Finance	**-**	-
Total non-current interest bearing liabilities	**44,000**	-
Total interest bearing liabilities	**55,000**	51,500

Loan from Greater Wellington Regional Council

WRC Holdings Limited has a loan of $44.0 million (2021: $44.0 million) received from its parent entity Greater Wellington Regional Council. The interest rate at 30 June 2022 is 2.3775% (2021: 0.9225%) and is reset quarterly.

NZ Green Investment Finance

CentrePort has a $15.0 million debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

CentrePort has drawn down $11.0 million of this facility at balance date (2021: $7.5 million). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The facility was renewed on 7 June 2022 for a term of 13-months. The Lender has first ranking security over all current and future assets held by CentrePort.

14 Current assets - Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less.

	Group	
	2022	2021
	$'000	$'000
Cash at bank and in hand	**141,624**	192,117
Cash and cash equivalents	**141,624**	192,117

15 Employee entitlements

Accounting policy

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

	Group	
	2022	2021
	$'000	$'000
Current		
Employee benefits	**3,659**	3,176
Non-current		
Employee benefits	**163**	167
Total Provisions	**3,822**	3,343

The rate used for discounting the provision for future payments is 3.6% (2021: 1.8%).

16 Equity

	Group 2022 $'000	2021 $'000
(a) Share capital		
Ordinary shares		
34,541,100 $1 shares, fully paid	**34,541**	34,541
22,170,000 $1 shares, fully paid	**22,170**	22,170
5,309,283 $1 shares fully paid	**5,309**	5,309
170,200,000 $1 shares, fully paid	**170,200**	170,200
8,000,000 $1 shares, fully paid	**8,000**	8,000
11,250,000 $1 shares, fully paid	**11,250**	11,250
6,700,000 $1 shares, fully paid	**6,700**	6,700
10,100,000 $1 shares fully paid	**10,100**	10,100
19,000,000 $1 shares, fully paid	**19,000**	19,000
3,500,000 $1 shares fully paid	**3,500**	3,500
12,100,000 $1 shares fully paid	**12,100**	11,774
17,300,000 $1 shares partly paid	**14,074**	-
Redeemable Preference Share Capital		
25,000 $1000 shares, paid to 1 cent	**-**	-
Total share capital	**316,944**	302,544

17 Non-controlling interest

	Group 2022 $'000	2021 $'000
Opening Balance at 01 July	**99,909**	105,169
Share of operating surplus / (deficit)	**5,005**	(4,108)
Share of dividends paid or payable	**(1,385)**	(4,615)
Share of movements in revaluation reserve	**3,111**	3,463
Balance of Non-controlling Interest at 30 June	**106,640**	99,909

The non-controlling interest represents the Horizons Regional Council's 23.1% share of CentrePort Limited.

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

	Group 2022 $'000	2021 $'000
Net surplus / (deficit) after tax	**1,266**	(37,412)
Add / (less) non-cash items:		
Depreciation	**34,475**	28,264
Amortisation	**190**	263
Impairment / write-off of fixed assets	**-**	-
Gain on disposal of fixed asset	**(88)**	(1,068)
Impairment of Property, Plant & Equipment, Goodwill and software	**21,000**	-
Write down / (up) of investment properties	**(4,842)**	1,998
Movements fair value of property plant & equipment	**-**	263
Deferred tax liability	**(32,378)**	19,497
Equity Accounted earnings	**(1,184)**	-
Add / (less) movements in working capital:		
Accounts receivable	**(1,919)**	6,008
Accounts payable	**1,169**	(702)
Insurance receivable	**-**	-
Inventory	**(819)**	(187)
Taxation - refund/payable	**(2,673)**	1,673
Employee entitlements	**479**	(2,522)
Add / (less) items classified as investing and financing activities:		
Accounts payable related to property, plant and equipment	**(666)**	(907)
Accounts payable related to investment property	**58**	339
Insurance progress payment schedule	**-**	-
Prepayments related to property plant and equipment	**749**	(3,583)
Other	**-**	-
Net cash inflow from operating activities	**14,814**	11,924

19 Reconciliation of movements in Liabilities arising from financing activities

Reconciliation of movements in liabilities arising from financing activities

	Borrowings	Issue of ordinary shares	Movement in the current account	Dividends paid to shareholders
	$'000	$'000	$'000	$'000
Balance at 1 July	7,500	302,544	6,740	-
Issue of ordinary shares	-	14,400	-	-
Loan drawdown	3,500	-	-	-
Dividend paid – WRC Holdings Ltd	-	-	-	(3,800)
CentrePort Dividend paid – Non-controlling	-	-	-	(1,385)
Interest paid	-	-	(91)	-
Balance at 30 June	**11,000**	**316,944**	**6,833**	**(5,185)**

20 Financial instruments and risk management

Accounting policies

(1) Financial Instruments

Financial Instruments Issued by the companies

As part of normal operations, the Group is party to financial instruments with risk to meet operational needs.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

All recognised financial assets and liabilities are subsequently measured at either amortised cost or fair value through profit or loss, depending on the classification of the financial asset or liability. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

Amortised Cost

Financial assets and liabilities are classified as measured at amortised cost if the financial asset or liability is held to collect or make payment on contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents, trade receivables, loans, trade payables, and other payables are recorded at amortised cost using the effective interest method less any impairment.

Estimation of Fair Value of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through statement of comprehensive revenue and expenditure', and 'loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Cash and cash equivalents, trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

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

Trade and other Payables

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

Borrowings

Borrowings are recorded initially at amortised cost.

20 Financial instruments and risk management (continued)

(2) Financial risk management

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

Capital risk management

WRC Holdings manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings - disclosed in note 15 - cash reserves and retained earnings.

Externally imposed capital requirements

CentrePort has borrowing covenant requirements for gearing and interest cover ratios. Performance against covenants is reported monthly to the CentrePort Board and semi-annually to the WRC Holdings Group Board. All externally imposed covenants have been complied with during the period.

(a) Market risk

(i) Interest rate risk
The Group is exposed to interest rate risk through the Group's treasury investment portfolio if market interest rates decline below annual budgeted amounts.

Interest rate sensitivity

At reporting date, if interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's net profit would increase / decrease by $1,679,000 (2021: +/- $1,481,000).

Maturity profile of financial instruments

The table below summarises the Group's exposure to interest rate risk at 30 June 2022 and 30 June 2021.

Group	Weighted average effective interest rate	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	Non interest bearing	Total
30 June 2022	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	15,631	15,631
Payables to employees	-	-	-	-	-	-	3,822	3,822
Debt	1.67	-	11,000	44,000	-	-	-	55,000
		-	11,000	44,000	-	-	19,453	74,453
30 June 2021	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	15,096	15,096
Payables to employees	-	-	-	-	-	-	3,343	3,343
Debt	0.89	51,500	-	-	-	-	-	51,500
		51,500	-	-	-	-	18,439	69,939

(b) Credit risk

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

Trade and other receivables include amounts that are unimpaired but considered past due as at balance date.

20 Financial instruments and risk management (continued)

Commercial Paper Investment credit risk

The group has invested in a commercial paper valued at $19.461 million (2021: $19.902 million) issued by Greater Wellington Regional Council. The Council has been rated as AA+/A-1+ by Standard & Poor's in their latest ratings as at February 2022.

Concentrations of credit risk

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

Currency Risk

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

As at 30 June 2022, the Group had not entered into any significant forward contracts. (2021: nil).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group holds cash and cash equivalents (refer to note 9) and has a bank overdraft facility of $2.0 million through a set off arrangement (2021: $2.0 million).

The following tables detail the Group's liquidity profile based on undiscounted cash outflows at 30 June 2022 and 30 June 2021, assuming future interest cost on borrowings.

Group	Less than One Year	1-2 Years	2-5 Years	5+ Years	Total
30 June 2022	$'000	$'000	$'000	$'000	$'000
Financial liabilities					
Trade and other payables	15,631	-	-	-	15,631
Payables to employees	3,659	163	-	-	3,822
Borrowings	12,489	1,046	44,307	-	57,842
Total	31,779	1,209	44,307	-	77,295
30 June 2021	$'000	$'000	$'000	$'000	$'000
Financial liabilities					
Trade and other payables	15,096	-	-	-	15,096
Payables to employees	3,176	167	-	-	3,343
Borrowings	51,618	-	-	-	51,618
Total	69,890	167	-	-	70,057

20 Financial instruments and risk management (continued)

(d) Financial instruments by category

Assets	Loans and receivables $'000	Derivatives used for hedging $'000	Total $'000
Group			
At 30 June 2022			
Cash and cash equivalents	141,624	-	141,624
Trade and other receivables	12,197	-	12,197
Current account - Wellington Regional Council	6,833	-	6,833
Other financial assets	19,461	-	19,461
Total	180,115	-	180,115
At 30 June 2021			
Cash and cash equivalents	192,117	-	192,117
Trade and other receivables	10,275	-	10,275
Other financial assets	19,902	-	19,902
Current account - Wellington Regional Council	6,740	-	6,740
Total	229,034	-	229,034

Liabilities	Financial liabilities at amortised cost $'000	Total $'000
Group		
At 30 June 2022		
Trade and other payables	15,631	15,631
Borrowings	55,000	55,000
	70,631	70,631
At 30 June 2021		
Trade and other payables	15,096	15,096
Borrowings	51,500	51,500
	66,596	66,596

21 Commitments

Capital commitments

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to of $15.8 million (2021: $21.5 million).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $52.4 million (2021: $58.8 million). This relates to heavy maintenance on the rolling stock.

Leases

Operating Leases as a Lessee

Disclosure for Lessees

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2022	2021
	$'000	$'000
Not longer than 1 Year	**341**	223
Longer than 1 Year and not longer than 5 Years	**1,200**	408
Longer than 5 Years	**2,574**	295
	4,115	926

Operating Leases as a Lessor

Future minimum lease receipts under non-cancellable operating leases are as follows:

	Group 2022 $'000	2021 $'000
Not later than 1 Year	**18,617**	17,914
Later than 1 Year and not later than 5 Years	**55,624**	47,467
Later than 5 Years	**26,929**	27,971
	101,224	93,352

22 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the WRCH Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Key management personnel compensation

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

	Group 2022 $'000	2021 $'000
Director fees	**3,524**	4,152
Total key management personnel compensation	**3,524**	4,152

The group employs 10 full time key management personnel with additional key management personnel services provided by Council employed personnel.

23 Explanation of major variances against budget

Statement of comprehensive revenue and expenses	Group Actual 2022 $'000	Group Budget 2022 $'000
Revenue		
Operating revenue	105,887	91,443
Finance income	2,992	2,136
Share of associate profit	1,260	-
Gain/(loss) on disposal of property, plant and equipment	88	-
Fair value movements	(16,158)	-
Total revenue	94,069	93,569
Expenditure		
Finance costs	(979)	(383)
Operational Expenditure	(124,430)	(101,217)
Surplus / (deficit) for the year before tax	(31,340)	(8,031)
Income tax (expense)/credit	32,606	(1,628)
Surplus / (deficit) after tax	1,266	(6,403)
Other comprehensive income	64,515	-
Total comprehensive income surplus / (deficit) for the year	65,781	(6,403)

Balance sheet		
Assets	-	-
- Current	183,908	153,975
- Non-current	871,498	822,770
Total assets	1,055,405	976,745
Liabilities		
- Equity	840,751	793,073
- Current liabilities	30,290	17,696
- Non-current liabilities	184,370	165,976
Total equity and liabilities	1,055,405	976,745

Statement of cash flow		
Cashflows from operating activities	14,814	15,216
Cashflows from investing activities	(77,931)	(114,743)
Cashflows from financing activities	12,624	16,973
Net increase / (decrease) in cash, cash equivalents and bank overdraft	(50,493)	(57,938)
Cash and cash equivalents at the beginning of the year	192,117	214,769
Cash and cash equivalents at the end of the year	141,624	132,215

23 Explanation of major variances against budget (continued)

Significant components of this variance are:

1. Revenue and expenses

- Operating revenue was higher than budget mainly due to CentrePort revenue from Riverlands Grape Harvest. Despite lower cargo volumes, CentrePort achieved high import numbers.
- Operational expenditure was higher than budget mainly due to increasing labour costs, depreciation, dredging, the Riverlands project, Covid-19 and CentreRail Log/Train. This was offset by cost savings relating to insurance, road bridging, truck and trailer hire and generator hire.
- Income tax expense is favourable due to the reversal of the income tax expense recognised on insurance proceeds in the 2020/21 year, as a result of the subsequent finalisation of the binding ruling by Inland Revenue.

2. Assets and liabilities

- Total assets were higher mainly due to Greater Wellington Rail Limited's estimated increase in the fair value of Rolling Stock and Transport Infrastructure assets, CentrePort's investment in Joint Ventures, offset by CentrePort's use of cash on capital expenditure including regeneration projects.
- Total liabilities were higher mainly due to the drawdown of NZ Green Investment Finance facility in CentrePort and an increase in deferred tax liability on the account of fair value assessment of rail assets.
- Equity was higher due to a larger surplus than budgeted arising from the tax benefit on insurance proceeds and revaluation adjustments noted above.

3. Cash flows

- The cash and cash equivalents are higher than budget due to decreased capital spend.

24 Contingencies

Contingent Asset
The parent company has uncalled capital with its owner Greater Wellington Regional Council of $53.2 million (2021: $50.3 million)

25 Subsequent events

The Reserve Bank of New Zealand issued a license to CentrePort Captive Insurance Limited in October 2022 to carry on insurance business in New Zealand.

No dividend was declared post balance date by WRC Holdings (2021: Nil).

26 Breach of Legislation

Section 67 (4) of the Local Government Act, requires Council to make the annual report of its Council-controlled organisations publicly available within 1 month of receiving the annual report. Council did not meet this requirement in respect of the WRC Holdings Limited annual report for the 2020/21 financial year.

Compliance

The Directors and management of the Group confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Group accept responsibility for the preparation of the annual financial statements and the statement of service performance and the judgements used in them.

The Directors have authority to sign these financial statements.

The Directors and management of the Group 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 Group, the annual financial statements and the statement of service performance for the year ended 30 June 2022 fairly reflect the financial position and operations of the Group.

Director	Director	Chief Financial Officer
November 29, 2022	November 29, 2022	November 29, 2022

Auditors' report

To the shareholders of WRC Holdings Limited

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of the WRC Holdings Limited Group's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of WRC Holdings Limited (the Group). 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 the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 13 to 52, that comprise the statement of financial position as at 30 June 2022, 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 the statement of accounting policies and other explanatory information; and
- the performance information of the Group on pages 4 to 6.

In our opinion:

- the financial statements of the Group on pages 13 to 52:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2022; 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 Reporting Standards; and
- the performance information of the Group on pages 4 to 6 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2022.

Our audit completed on 29 November 2022. 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 Group 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 Group.

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 Group for assessing the Group'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 Group 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 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 Group'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 Group'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 Group'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 Group'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 Group 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 obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 in 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, 65 to 12 and 53 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 the fact. We have nothing to report in this regard.

Independence

We are independent of the Group 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 New Zealand Auditing and Assurance Standards Board.

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

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