

Waitakere City Holdings Limited

ANNUAL REPORT 2008

**Waitakere City Holdings Limited
Annual Report 2008**

Waitakere City Holdings Limited

Waitakere City Holdings Limited (WCHL) was established on 1 July 1999 with share capital of \$5 million. Waitakere City Council is the sole shareholder. To release funds to the Parent shareholder (Waitakere City Council), generated from the sale of the shareholding in Techscape Limited, the share capital was reduced to \$1.025 million through a share buy-back arrangement during the 2006/2007 financial year.

WCHL and its subsidiary company are Council Controlled Organisations under the Local Government Act 2002. This current Act came into force on 24 December 2002 replacing the Local Government Act 1974. The operations of Council Controlled Organisations are subject to both the Companies Act 1993 and the Local Government Act 2002

WCHL also monitors the performance of Waitakere Enterprise (a "supervisory relationship"), and advises Council as necessary. Waitakere Enterprise is not a subsidiary or associate of WCHL, as no level of control is exercised (this power resides with Council itself).

As required by the Local Government Act, Council Controlled Organisations are required to have in place a Statement of Intent (SOI)

Objectives within WCHL's 2007/08 Statement of Intent are:

- To ensure that each subsidiary company operates economically and efficiently, and in accordance with an agreed statement of intent and to optimise the returns – both financial and non-financial – from, and the value of, the subsidiary companies within the parameters set by Council.
- To keep Council informed of matters of substance affecting the WCHL and the subsidiary companies and, insofar as it is practical and reasonable in the opinion of the directors, provide the opportunity for comment on such matters prior to taking any action.
- To ensure that there is regular and informative reporting of the financial and non-financial performance and risk exposures of WCHL and the subsidiary companies.
- To advise Council on establishment opportunities for council controlled organisations
- To act as a responsible corporate citizen, including being a good employer.
- To maintain and improve good governance by regularly and constructively appraising the performance of the subsidiary company directorates and maintaining an appropriate monitoring framework.

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**Waitakere City Holdings Limited
Annual Report 2008**

Annual Report 2008

**The directors are pleased to present the Report on Operations
for the Consolidated Financial Statements of Waitakere City
Holdings Limited for the year ended 30 June 2008.**

For and on behalf of the Board of Directors:


Bryan Mogridge
Chairperson


Harry O'Rourke
Director

30 September 2008

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Waitakere City Holdings Limited Annual Report 2008

THE YEAR IN REVIEW

The following is Waitakere City Holdings Limited's Report on Operations for the Year Ended 30 June 2008

Financial Matters

The audited Company and Consolidated financial statements have been presented elsewhere in this Annual Report. With the sale of Techscape Limited and the reduction of Waitakere City Council's shareholding in WCHL taking place in the 2006/2007 financial year, the financial activity within WCHL was not significant for the year ended 30 June 2008. Income comprised of interest earned from funds invested on term deposit. There were no distributions to Waitakere City Council by way of either a dividend or subvention payment

Service Performance for 2007/2008

A full Statement of Service Performance, comparing the Company's performance against the targets set in the 2007/2008 Statement of Intent, has been presented elsewhere in this Annual Report. The Board has generally achieved its targets for the financial year under review.

A summary of the Waitakere Properties statement of service performance is presented on page 5.

Waitakere Enterprise

Waitakere Enterprise Trust Board is a Charitable Trust providing Business support, Economic Support and Employment training. As a Trust, Waitakere Enterprise is not a subsidiary of WCHL but is a council controlled organisation in terms of the Local Government Act 2002. WCHL has been tasked with a supervisory capacity over the Trust. While Waitakere Enterprise will report fully to Council in its own right, it is opportune to note that the Trust continues to deliver programmes beyond its funding from Council. Of the Trusts total income of \$3,065,500 Council provided \$1,182,000, Central Government \$1,038,636 with the balance from other sources.

Waitakere Properties Limited

During the year \$5,567,800 was transferred from the project trust accounts into Council's main account. Of that \$4,000,000 related to the sale of film studio property assets to Prime West Limited. Waitakere Properties Limited has been busy with a number of projects on Council's behalf including the development of the film studios, the commissioning and tenancing of the "central one" office and retail complex and the ongoing land acquisition and development relating to the Hobsonville marine precinct. Waitakere Properties Limited continues to look for opportunities to promote Council's goals in the City, working with Council and Waitakere Enterprise on various other projects.

Strategic Directions

Council is currently involved in a review process to confirm/establish appropriate governance structures for subsidiaries and the role the Waitakere City Holdings has to play in that governance. The Boards and management of WCHL and Waitakere Enterprise have input into that process, the outcome of which is expected in the near future.

Acknowledgements

The Board wishes to acknowledge the contributions of the directors and officers throughout the Group over the past year. The coming year will have more challenges and opportunities, and the Board looks forward to the opportunity to add value and contribute to the objectives of Council.

Bryan Mogridge
Chairman

**Waitakere City Holdings Limited
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THE YEAR IN REVIEW (continued)

Waitakere Properties Limited

Financial and Operational - The activities of the Company are primarily as its role as Trustee for Council in the management of the Trust Accounts. In the 2007/08 year Waitakere Properties Limited key achievements included the final commissioning and tenanting of "Central One", the office and retail complex adjacent to the new Council headquarters and planning work in relation to the development of the marine precinct at Hobsonville.

Fee income was derived from four major sources: trust accounts management, consulting, rental and interest. The income from Development Management, Property Management and Construction Management in the Trusts was \$673,679. Rental income from Hobsonville was \$315,572. Consulting income for Waitakere City and Rodney District totalled \$233,268 and interest income was \$188,817. Total income was \$1,466,168. Operating expenses totalled \$1,457,819 yielding a surplus before tax of \$8,349 for the year.

Properties Administered under Trust Declarations - As at 30 June 2008, the company administers 7 trust. The book value of those Trusts, essentially Council's investment, was \$37.1m and is shown separately against each Trust further on in this report.

During the 2007/2008 financial year, the company made the following distributions from the trust accounts:

Keeling Road, \$532,000 (Interest payment); Henderson Studios, \$4,900,000 (\$4m balance on land sale); Totara Ave, \$135,800 (interest payment).

Waitakere Central (BV \$11.6m) - The first office building, Central one, totalling 2,385m² of leaseable office and retail space was completed in February 2007. As at 31 July 2008 we are pleased to report that 100% of the office space and 90% of the retail space is leased.

Hobsonville (BV \$13.3m) - Council acquired 12ha at Hobsonville that is zoned for a marine precinct pursuant to an agreement negotiated by WPL and vested the land in WPL following settlement. WPL has developed a concept plan for the marine precinct and will lodge a comprehensive development plan and resource consent in 2009.

Totara Avenue Shops (BV\$2.0m) - These shops are being managed for eventual redevelopment once the rail under-grounding is complete. The shops are fully tenanted and meeting the interest cost of acquisition.

Keeling Road (BV\$8.4m) - Construction of the civil works was completed in early 2008. Upon issue of titles the proceeds from section sales will be distributed to Council and the remaining properties managed until they are sold.

Henderson Valley Studios (Sold) - The studio complex has been sold to a new joint venture company, Prime West Limited. WPL continues to provide management direction for this joint venture company.

Ambrico Place, New Lynn (BV\$0.6m) - The residual landholding at Ambrico place has been conditionally sold to an apartment developer. Settlement is due upon suitable presales and all necessary consents issuing from WCC.

Godley Road, Greenbay (BV\$0.4m) - Efforts are continuing to be made to acquire an adjoining property to establish a redevelopment site for older adult housing.

Hugh Brown Carpark, New Lynn (BV\$0.8m) - Development plans were put on hold pending the under grounding of the rail line and the acquisition of the Totara Avenue development opportunity.

Other Activities - During the year the WPL was actively involved in providing advice on the older adult housing development at Wishire Village and in the urban renewal of the New Lynn Town Centre.

Board and Management - The only change to staff during the year was the appointment of Harry O'Rourke to the Board.

Summary - Waitakere Properties Limited continues to focus on its twin goals of town centre redevelopment and being a facilitator of economic growth. The company also identifies and assists with the acquisition of significant landholdings. The workload of the major projects and joint ventures to advance Council's strategic outcomes, provide considerable scope and opportunity for the Company going forward.

Bryan Taylor, Chairperson

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THE YEAR IN REVIEW (continued).

Waitakere Properties Limited

Statement of Service Performance

The following has been extracted from Waitakere Properties Limited's audited 2007/2008 Annual Report.

	Target	Performance		Target	Performance
Governance	Hold regular meetings of the Board of Directors	Twelve ordinary meetings of the Board were held	Governance as Trustee (continued)	The terms of the declaration of trust for each project will be agreed with Council concurrently with the Company accepting responsibility for control and development activities for such land holding.	The Company accepted one further project under declaration of trust on agreed terms with Council, namely the Old New Lynn Hotel.
	Provide audited financial statements and an operations report to the shareholder by 30 September 2007.	Report on operations and financial statements for 2007 provided in September 2007.		Adherence to the terms and conditions of any letter of direction which may be given by Council from time to time in relation to any landholding, including in relation to commercial or environmental concerns, strategic outcomes and project financial distributions	The Company received one letter of direction in relation to Keeling Road instructing no further sales with which it is complying.
	Provide unaudited accounts and summary of operations	Draft report on operations and draft financial statements for 2008 provided in September 2008		Report to the Council progress in relation to each land holding held under declaration of trust simultaneously with the statutory requirements to report on operations	The Company provided a "report on operations" for the year ended 30 June 2007 in September 2007, and for the half year ended 31 December 2007 in February 2008, updating progress in relation to each landholding held pursuant to a Declaration of Trust.
	Provide a draft Statement of Intent to the shareholder for approval.	Draft Statement of Intent provided to Council in February 2008 with the final approved in June 2008.			
	Provide Business Plan to Shareholder	Provided			
	Provide quarterly reports to the shareholder	Quarterly reports provided as required.			
Governance as Trustee	Agree appropriate requirements for Trust projects outcomes with Council.	Properties acquired under Deed of Trust are the subject of agreement with Council and/or subject to further Council approval as to specific development requirements.	Commercial Return	To achieve (budgeted) revenue and costs	Revenue of \$1,466,168 (2007 - \$1,177,320) Expenditure of \$1,457,819 (2007 - \$1,165,880) Trading surplus \$8,349 (2007 - \$11,440)
	Financial returns for Trust projects shall be consistent with market expected returns unless Council agrees to another rationale for the project.	Current Trust projects are being developed over several years and they are managed under market normal parameters. No formal measurement is available to confirm this performance measure until the completion of the Trust project.		Target net profit after tax of breakeven	Net profit after tax is \$4,634 (2007 - \$5,794)

AUDIT REPORT

TO THE READERS OF
WAITAKERE CITY HOLDINGS LIMITED AND GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Waitakere City Holdings Limited (the company) and group. The Auditor-General has appointed me, Ben Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company and group, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the company and group on pages 11 to 36:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company and group's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company and group on pages 37 to 39 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2008.
- Based on our examination the company and group kept proper accounting records.

The audit was completed on 30 September 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company and group as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2008. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the company or any of its subsidiaries.


Ben Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

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OTHER IMPORTANT INFORMATION

Principal Activities

The Company's principal activity during the year was to operate as an investment company of the Waitakere City Council

Operating Results (Consolidated Accounts)

	\$000
Statement of Changes in Equity	3,872
Surplus from Operations	23
Dividend Paid to Shareholder	0
Shareholders funds and reserves as at 30 June 2008	\$3,895

Directors' Interests

The following directors have made general disclosures of interest with respect to any transaction which may be entered into by the Company with certain organisations on the basis of their being a director, partner, trustee, elected representative or officer of those organisations

Bryan Mogridge	Trustee of Waitakere Enterprise Board of Trustees (Waitakere Enterprise)
Ross Jewell	Current Director of Prime West Management Limited and former Director of Waitakere Properties Limited
Harry O'Rourke	Director of Waitakere Properties Limited

Transactions between the Company and entities with whom certain directors are associated are described in the Notes to the Financial Statements

Directors' Insurances and Indemnities

The Company has indemnified each of the directors in writing. Each subsidiary arranges directors' insurances and indemnities as appropriate

Directors' Remuneration

Details of the remuneration of directors of the Group are:

	Waitakere City Holdings Limited	Waitakere Properties Limited	
Bryan Mogridge	30,000	B. Taylor	40,000 + travel allowance \$2,982
Ross Jewell	15,000	Rob Noakes	25,000
Harry O'Rourke	3,750	Ross Jewell	25,000
		N. Ranford	
		Harry O'Rourke	6,250

* During the year Harry O'Rourke ceased employment with Waitakere City Council. Harry remained as a director of WCHL and was appointed to the board of WPL. As from 1 April 2008 Harry was entitled to receive directors fees from both roles

There is no shareholding held, by any of the directors, in Waitakere City Holdings Limited or Waitakere Properties Limited

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OTHER IMPORTANT INFORMATION (continued)

Employee Remuneration

Details of the remuneration ranges for employees of the Group with benefit packages of more than \$100,000 are

Remuneration Range	2008		2007	
	Parent	Subsidiaries	Parent	Subsidiaries
\$260,000 to 269,999	0	1	0	0
\$210,000 to \$219,999	0	0	0	1
\$160,000 to \$169,999	0	1	0	0
\$110,000 to \$119,999	0	0	0	1

Use of Company Information

During the financial year, the Board received no notices from directors of the Company requesting the use of Company information received in their capacity as directors that would not otherwise be available to them

Auditors

The Auditor-General is appointed under section 70 of the Local Government Act 2002 and section 15 of the Public Audit Act 2001 as auditor of the Company and its subsidiaries. Audit New Zealand has been appointed by the Audit Office to perform audit services on its behalf. Fees paid for audit services by the Group amounted to \$36,753 with no other services being supplied.

Enterprise Waitakere Trustees Remuneration

The Trustees of Enterprise Waitakere for the 2007/08 year declared interests and received fees as follows:

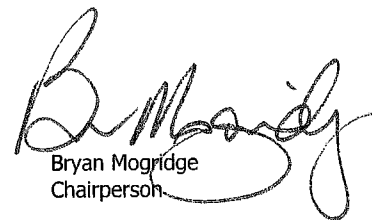
Trustee	2007/08 Fees
B. Mogridge (Chairman)	30,000
M. Williams	10,000
B. Corban	8,600
Y. Hawke	8,600
P. Spoonley	8,600
Director reimbursements	400
	66,200

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Financial Statements 2008

The directors are pleased to present the Consolidated Financial Statements of Waitakere City Holdings Limited for the year ended 30 June 2008.

For and on behalf of the Board of Directors:



Bryan Mogridge
Chairperson



Harry O'Rourke
Director

30 September 2008

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Statement of Accounting Policies for the year ended 30 June 2008

1. Reporting entity

Waitakere City Holdings Limited (WCHL) is a Council Controlled Organisation as defined by the Local Government Act 2002. WCHL is a reporting entity for the purposes of the Financial Reporting Act 1993.

Financial statements for WCHL and consolidated financial statements are presented. The consolidated financial statements include WCHL, its subsidiaries and interests in associates.

Details of the subsidiaries and associates are as follows:

- Waitakere Properties Ltd (WPL) (100% owned)
- Prime West Management Ltd (40% owned by Waitakere Properties Ltd)

All subsidiaries and associates are incorporated in New Zealand.

WCHL and WPL (the Group) are designated as public benefit entities for the purposes of New Zealand equivalents to International Reporting Standards (NZ IFRS).

The financial statements of the Group are for the year ended 30 June 2008. The financial statements were authorised for issue by the Directors on 30 September 2008.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting practice in New Zealand (NZ,GAPP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions.

Measurement base

The financial statements are prepared on a historical cost basis, modified, where necessary, by the revaluation of financial instruments.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

New accounting standards and interpretations

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2008.

NZ IAS 1 *Presentation of Financial Statements* (revised 2007) and is effective for reporting periods on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The group will apply this standard for the reporting period 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

NZ IAS 23 *Borrowing Costs* (revised 2007) and is effective for reporting periods on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition. The Group will apply this standard for the reporting period ending 30 June 2010, although the group currently holds no borrowings.

NZ specific amendment to IAS 2 *Inventories* and is effective for reporting periods on or after 1 January 2008. The amendment requires public benefit entities to measure inventory held for distribution at cost. The Group carries no inventories and there will be no impact from this standard.

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Adoption of new accounting standard

The Group has adopted NZ IFRS 7 *Financial Instruments; Disclosures* and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no effect on the surplus or financial position of the Group.

3. Differential reporting concessions

The size of the organisation qualifies the Company under the New Zealand Institute of Chartered Accountants reporting framework. The criteria for qualification is any two of the following:-

Total revenue not exceeding \$20.0 million,
Total assets not exceeding \$10 million
Exceeding more than 50 full time employees.

The Company presently meets all the criteria.

The Company qualifies for Differential Reporting exemptions as it has no public accountability as defined in the Financial Reporting Act 1993.

All concessions have been taken advantage of except for:-

NZ IAS 7 Cash Flow Statements,
NZ IAS 12 Income Taxes.

4. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June each year. Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Group are accounted for at cost in the separate financial statements of the parent entity.

(b) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

(c) Revenue recognition

Revenue is measured at the fair value of the amounts received or receivable net of rebates, and discounts.

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Revenue is recognised for the following significant revenue categories:

- Revenue from the sale of goods is recognised in the income statement when ownership has been transferred to the buyer.
- Dividends are recognised when the right to receive payment is established.
- Interest income is recognised on a time-proportion basis using the effective interest method.
- Rental income is recognised in the period that it relates.

(d) Leases

Finance leases

A finance lease is a lease that transfers to the lessees substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in the Balance Sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the Income Statement.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

(e) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

(f) Trade and other receivables

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

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

(g) Financial assets

The Group classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and financial assets at fair value through equity. The classification depends upon the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the designation at every reporting date.

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The four categories of financial assets are:

Financial assets at fair value through profit or loss

Assets designated at fair value through profit or loss are classified as financial assets if acquired principally for the purpose of selling in the short term or if so designated by the Group. Derivatives are also categorised as held for trading unless they are designated as hedges.

Fair value through profit or loss financial assets are subsequently carried at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are carried at amortised cost using the effective interest rate method.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

Held to maturity investments are carried at amortised cost using the effective interest rate method.

Measurement of investments

Investments are initially recognised at fair value plus transaction costs unless they are carried at fair value through profit and loss, in which case the transaction costs are recognised in the Income Statement.

Measurement of short term deposits

Short term deposits and investment securities are valued at amortised cost, which is adjusted for any premium or discount paid or received upon the acquisition of securities. Discounts and premiums resulting from the acquisition of securities are amortised over the term of the security on a purchase yield basis.

Financial assets at fair value through equity

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Available for sale financial assets are subsequently carried at fair value.

Measurement of shares

Shares in companies other than associates and subsidiaries are classified in this category and are recorded at fair value. An increase in the fair value of a shareholding is recognised directly in equity unless it offsets a previous decrease recognised in the Income Statement, in which case it is recognised in the Income Statement. A decrease in fair value is recognised in the Income Statement where it exceeds the increase previously recognised in equity.

(h) Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent.

Associates are entities in which the Group has significant influence, but no control, over the operating and financial policies. The Group's share of the net surplus of associates is recognised as a component of operating revenue in the Income Statement, after adjusting for the amortisation of goodwill, if any, arising on acquisition and differences between the accounting policies of the Group and associates. The Group's share of other gains and losses of associates is recognised as a component of total recognised revenues and expenses in the statement of changes+B113 in equity. Dividends received from associates are credited to the carrying amount of the investment in associates. The unamortised balance of goodwill arising on acquisition is included in the carrying amount of the associate.

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Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount and is recognised in the Income Statement.

(l) Trade and other payables

Trade and other payables are carried at amortised cost, but due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

(n) Employee entitlements

Employee benefits that the Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned up to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover those future absences.

(o) Critical accounting estimates and assumptions

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The Group does not have any significant estimates and assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Waitakere City Holdings Limited
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(p) Equity

Equity is the community's interest in the Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Share capital
- Retained earnings

(q) Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

(r) Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax 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. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the Income Statement, except when it relates to items charged or credited directly to equity, in which case the tax is dealt within equity.

Changes in accounting policies

Uniform accounting policies have been applied throughout the Group and there have been no changes from the accounting policies adopted in the last audited financial statements.

Comparative figures

Prior year comparatives have been restated where necessary to enable comparison with the current year figures.

**Waitakere City Holdings Limited
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INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

OPERATING REVENUE

Revenue

TOTAL OPERATING REVENUE

LESS OPERATING EXPENDITURE

Expenditure

Finance cost

TOTAL OPERATING EXPENSES

NET SURPLUS BEFORE TAXATION

Income tax expense

NET SURPLUS FOR THE YEAR

	Waitakere City Holdings Limited		Consolidated	
Note	2008 \$000	2007 \$000	2008 \$000	2007 \$000
1	139	4,337	1,605	4,883
	139	4,337	1,605	4,883
2	116	674	1,575	1,839
	-	-	-	-
	116	674	1,575	1,839
	23	3,663	30	3,044
3	-	-	4	6
	23	3,663	26	3,038

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

EQUITY AT BEGINNING OF YEAR

Net surplus for the year

Dividends Paid

Total recognised revenues and expenses

Purchase and cancellation of shares in the Company

EQUITY AT END OF YEAR

	Waitakere City Holdings Limited		Consolidated	
Note	2008 \$000	2007 \$000	2008 \$000	2007 \$000
	3,872	5,370	4,057	6,180
	23	3,663	26	3,038
	-	(1,161)	-	(1,161)
	23	2,502	26	1,877
	-	(4,000)	-	(4,000)
4	3,895	3,872	4,083	4,057

These financial statements are to be read in conjunction with the Accounting Policies and Notes to the accounts.

**Waitakere City Holdings Limited
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BALANCE SHEET
AS AT 30 JUNE 2007

		Waitakere City Holdings Limited		Consolidated	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Equity					
	- Share capital	1,025	1,025	1,025	1,025
	- Accumulated balance	2,870	2,847	3,058	3,032
TOTAL EQUITY		3,895	3,872	4,083	4,057
Current liabilities					
	- Trade payables and accruals	27	451	275	597
TOTAL CURRENT LIABILITIES		27	451	275	597
TOTAL EQUITY AND LIABILITIES		3,922	4,323	4,358	4,654
Current assets					
	- Cash and cash equivalents	1,573	1,937	4,027	4,294
	- Trade receivables and prepayments	9	1	168	114
	- Income tax receivable	24	77	66	127
	- Interest receivable	16	8	16	8
TOTAL CURRENT ASSETS		1,622	2,023	4,277	4,543
Non-current assets					
	- Shareholdings	2,300	2,300	-	-
	- Property, Plant & Equipment	-	-	61	70
	- Intangible assets	-	-	15	37
	- Deferred taxation	-	-	5	4
TOTAL NON-CURRENT ASSETS		2,300	2,300	81	111
TOTAL ASSETS		3,922	4,323	4,358	4,654

The financial statement is to be read in conjunction with the Accounting Policies and Notes to the accounts.

**Waitakere City Holdings Limited
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

		Waitakere City Holdings Limited		Consolidated	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from :					
	Receipts from Customers	-	-	1,284	1,031
	Goods and service tax	3	6	-	-
	Interest received	126	592	269	758
	Income tax received	84	94	84	94
		213	692	1,637	1,883
Cash was applied to :					
	Payments to suppliers and employees	130	60	1,423	1,128
	Tax subvention payment	-	782	-	782
	Income tax paid	24	145	24	145
	Goods and service tax	-	-	16	87
		154	987	1,463	2,142
Net cash flow from operating activities		59	(295)	174	(259)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from :					
	Sale of Shares in Associate	-	5,742	-	5,742
	Repayment of convertible notes from Associate	-	-	-	-
	Dividends received	-	600	-	600
		-	6,342	-	6,342
Cash was applied to :					
	Purchase of intangibles	-	-	1	4
	Purchase of fixed assets	-	-	17	35
		-	-	18	39
Net cash flow from investing activities		-	6,342	(18)	6,303

Note

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**Waitakere City Holdings Limited
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STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)

CASH FLOWS FROM FINANCING ACTIVITIES

Cash was provided from :

Proceeds from borrowings

Cash was applied to :

Dividends paid

Purchase and cancellation of shares

Net cash flow from financing activities

TOTAL NET CASH FLOWS

Cash and cash equivalents balances at beginning of year

CASH AND CASH EQUIVALENTS BALANCES AT END OF YEAR

Waitakere City Holdings Limited		Consolidated	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
-	-	-	-
-	1,519	-	1,519
423	4,000	423	4,000
(423)	(5,519)	(423)	(5,519)
(364)	528	(267)	525
1,937	1,409	4,294	3,769
1,573	1,937	4,027	4,294

Note

1) The GST (Net) component of operating activities reflect the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statements purposes.

The financial statement is to be read in conjunction with the Accounting Policies and Notes to the accounts.

Waitakere City Holdings Limited
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1 OTHER REVENUE

	Waitakere City Holdings Limited		Consolidated	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Revenue from significant activities				
Consulting income	-	-	673	503
Dividends received	-	600	-	600
Interest received	139	417	329	586
Profit on sale of shares (Note 9b)	-	3,320	-	2,687
Rent received	-	-	315	316
Other recoveries	-	-	288	191
TOTAL REVENUE	139	4,337	1,605	4,883

2. OPERATING SURPLUS

	Waitakere City Holdings Limited		Consolidated	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
The operating surplus includes the following items:				
Depreciation - Motor Vehicles	-	-	12	12
Depreciation - Computers	-	-	8	8
Depreciation - Office Equipment	-	-	5	2
Depreciation - Total	-	-	25	22
Audit New Zealand - audit fees	12	9	22	23
Audit New Zealand - audit fees - IFRS	8	-	15	-
Amortisation	-	-	24	17
Employee benefits	-	-	601	452
Directors Fees	49	20	173	129
Subvention payment	-	626	-	626
Administration & professional fees	31	12	369	233
Rent paid	-	-	330	330
Interest paid	16	7	16	7
Bank fees	-	-	-	-
TOTAL EXPENDITURE	116	674	1,575	1,839

Waitakere City Holdings Limited
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3 INCOME TAX

Components of tax expense

Current tax expenses
Adjustments to current tax in prior year
Deferred tax expenses
Income tax expense

Waitakere City Holdings Limited		Consolidated	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
-	-	5	6
-	-	-	-
-	-	(1)	-
-	-	4	6

Relationship between tax and accounting profit

Surplus/(deficit) before tax
Equity share of Associate Company Net Profit after tax

Tax @ 33%
Non-deductible expenditure
Unrecognised temporary differences
Tax expense

Waitakere City Holdings Limited		Consolidated	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
23	3,663	30	3044
-	-	0	633
23	3,663	30	3677
8	1,209	10	1,213
(11)	(1,209)	(9)	(1,207)
3	-	3	-
-	-	4	6

Deferred Tax

Opening Balance
Movement
Closing Balance

Waitakere City Holdings Limited		Consolidated	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
-	-	4	4
-	-	1	-
-	-	5	4

**Waitakere City Holdings Limited
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3 INCOME TAX continued

Imputation Credit Account

	Waitakere City Holdings Limited		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Opening Balance	10	465	177	663
Credits attached to dividends received	-	-	0	-
Tax paid	24	(3)	71	52
Tax refunds	(84)	-	(134)	(86)
Credits attached to dividends paid	-	(452)	0	(452)
Prior year imputation credit adjustment	192	-	192	-
Closing balance	142	10	306	177

Additional Disclosures

A deferred tax asset has not been recognised in relation to deductible temporary differences of \$15,000 (2007 \$5,000).

A deferred tax asset has not been recognised in relation to unused tax losses of \$410,000 (2007 \$437,000).

**Waitakere City Holdings Limited
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4 EQUITY

	Waitakere City Holdings Limited		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
ACCUMULATED BALANCE				
Accumulated funds				
Opening balance	2,847	345	3,032	1,155
Net surplus for the year	23	3,663	26	3,038
Transfers in				
Transfers out	-	(1,161)	-	(1,161)
Closing balance	2,870	2,847	3,058	3,032
TOTAL ACCUMULATED BALANCE	2,870	2,847	3,058	3,032
SHARE CAPITAL				
Issued share capital - opening balance	1,025	5,025	1,025	5,025
Purchase and cancellation of shares in the Company	-	(4,000)	-	(4,000)
Closing balance	1,025	1,025	1,025	1,025
TOTAL EQUITY	3,895	3,872	4,083	4,057

Waitakere Properties Limited has issued 2,300,000 ordinary shares which are fully paid

Waitakere City Holdings Limited is the sole shareholder in the company. All shares carry equal voting rights and the right to share in any surplus on the winding up of the company. None of the shares carry fixed dividend rights.

Waitakere Properties Limited has a 40% shareholding in Prime West Management Limited. The investment in the associate company is carried at cost (\$400) in Waitakere Properties Limited Statement of Financial Position

**Waitakere City Holdings Limited
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5 TRADE PAYABLES AND ACCRUALS

	Waitakere City Holdings Limited		Consolidated	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade payables	27	22	169	85
Inter-entity payables	-	429	11	440
Other	-	-	-	-
Dividends payable (Inter-entity)	-	-	-	-
Employee benefits liabilities	-	-	95	72
TOTAL CREDITORS AND ACCRUALS	27	451	275	597

Trade and other payables are non interest bearing and are normally settled within 30 days, therefor the carrying value of trade and other payables approximates their fair value.

6 CASH AND CASH EQUIVALENTS

	Waitakere City Holdings Limited		Consolidated	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Cash and deposits	1,573	1,937	4,027	4,294
TOTAL CASH BALANCES	1,573	1,937	4,027	4,294

7 DEBTORS

	Waitakere City Holdings Limited		Consolidated	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade receivables	9	1	168	139
Prepayments	-	-	-	-
Inter-entity	-	-	-	102
Interest	16	8	16	8
Other	24	77	66	-
TOTAL ACCOUNTS RECEIVALBE	49	86	250	249

As at 30 June 2008 there are no receivables that need to be assessed for impairment

**Waitakere City Holdings Limited
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8 SHAREHOLDINGS

		Waitakere City Holdings Limited		Consolidated	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Shares in subsidiaries	Activity				
Waitakere Properties Limited	Property consultancy and management	100%			
Other shares					
Techscape Limited	Infrastructure/utility maintenance contractors	50%			
Convertible Notes					
Equity share of retained earnings					
TOTAL SHAREHOLDINGS					
Current Portion					
Non-current Portion					

Details of the ownership interest in subsidiaries and associates are provided in Note 4. The carrying value of the investment in subsidiaries is stated at cost (being the lower of cost and net realisable value). Waitakere Properties Limited holds 400 \$1 shares in Prime West Management Limited representing a 40% interest with the balance held by private, nonrelated, third parties. The value of the shares is below \$500 and therefore does not appear above as figures are rounded to the nearest \$1,000.

Summarised Financial Information of Prime West Management Limited

(Unaudited Financial Statements as at 30 June 2008)

	2008	2007
Current Assets	3,280	48,185
Current Liabilities	57,962	47,015
Net Assets	(54,682)	1,170
<u>Shareholders Equity</u>		
Share Capital	1,000	1,000
Retained Earnings	(55,682)	170
	(54,682)	1,170

**Waitakere City Holdings Limited
Annual Report 2008**

9 INVESTMENT IN ASSOCIATE

(a) Carrying amount of investment in Techscape Limited

Carrying amount at beginning of year
Share of total recognised revenues and expenses
Sale of shareholding in Techscape Limited
CARRYING AMOUNT AT END OF YEAR

Consolidated	
2008	2007
\$000	\$000
-	2,633
-	-
-	(2,633)
-	-

(b) Sale of Shares in Techscape Limited

Holding value of shares
Convertible notes converted to shares
Equity share of associate company net profits after tax

Total value as at beginning of year

Proceeds from sale
Costs of sale

Profit on sale (Note 1)

Consolidated	
2008	2007
\$000	\$000
-	300
-	1,700
-	-
-	2,000
-	5,742
-	(422)
-	3,320

**Waitakere City Holdings Limited
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10 PROPERTY, PLANT & EQUIPMENT

2008

Motor vehicles

Office furniture & fittings

Computer Equipment

TOTAL PROPERTY, PLANT & EQUIPMENT - GROSS

Consolidated		
Valuation	Cost	Total Value
\$000	\$000	\$000
-	55	55
-	40	40
-	22	22
-	117	117

2008

Motor vehicles

Office furniture & fittings

Computer Equipment

TOTAL PROPERTY, PLANT & EQUIPMENT - NET

Total	Accumulated	Net Book
Value	Depreciation	Value
\$000	\$000	\$000
55	36	19
40	6	34
22	14	8
117	56	61

2007

Motor vehicles

Office furniture & fittings

Computer Equipment

TOTAL PROPERTY, PLANT & EQUIPMENT - GROSS

Consolidated		
Valuation	Cost	Total Value
\$000	\$000	\$000
-	55	55
-	41	41
-	20	20
-	116	116

**Waitakere City Holdings Limited
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10 PROPERTY, PLANT & EQUIPMENT (continued)

2007

	Consolidated		
	Total	Accumulated	Net Book
	Value	Depreciation	Value
	\$000	\$000	\$000
Motor vehicles	55	24	31
Office furniture & fittings	41	9	32
Computer Equipment	20	13	7
TOTAL PROPERTY, PLANT & EQUIPMENT - NET	116	46	70

RECONCILIATION

Total Value				Accumulated	Total Value
1 July 2007	Additions	Deletions	Impairment	Depreciation	30 June 2008
116	16	15	-	56	61

**Waitakere City Holdings Limited
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11 INTANGIBLES

2008

	Consolidated		
	Valuation	Cost	Total Value
	\$000	\$000	\$000
Software Assets	-	65	65
TOTAL INTANGIBLE ASSETS - GROSS	-	65	65

2008

	Total Value	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000
Software Assets	65	(50)	15
TOTAL INTANGIBLE ASSETS - NET	65	(50)	15

2007

	Consolidated		
	Valuation	Cost	Total Value
	\$000	\$000	\$000
Software Assets	-	64	64
TOTAL INTANGIBLE ASSETS - GROSS	-	64	64

2007

	Total Value	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000
Software Assets	64	(27)	37
TOTAL INTANGIBLE ASSETS - NET	64	(27)	37

RECONCILIATION

Total Value 1 July 2007	Additions	Deletions	Impairment	Amortisation Expense	Total Value 30 June 2008
64	1	-	-	50	15

**Waitakere City Holdings Limited
Annual Report 2008**

12 FINANCIAL INSTRUMENTS

Fair Values

The fair value of all financial instruments is as shown in the Statement of Financial Position

Currency and Interest Rate Risk

The Group is not exposed to any direct foreign exchange risk and has no currency risk management products in place as at 30 June 2008. The Group has no interest rate risk management products in place as at 30 June 2008.

Concentration of Credit Risk

Financial instruments that potentially subject the Group to credit risk consist principally of cash, deposits and trade receivables. Group companies place cash and deposits with high credit quality financial institutions. Concentration of credit risk with respect to trade receivables are high due to the value of transactions between the Group and its parent shareholders. However, this risk is assessed as minimal given the high credit quality of these entities.

13 EVENTS SUBSEQUENT TO BALANCE DATE

As at the date that this report was adopted there had been no significant events subsequent to balance date

14 RELATED PARTIES

Parent Company

The immediate and ultimate parent entity of Waitakere City Holdings Limited is Waitakere City Council, a territorial local authority constituted under the Local Government Act 2002, which holds 100% of the company's shares.

Identity of Related Parties with Whom Material Transactions Have Occurred

All material Group entities in which Waitakere City Holdings Limited has an interest are identified in the Statement of Significant Accounting Policies under the section entitled "Basis for Preparation"

All of these entities are related parties of the company, as is Waitakere City Council. There are no additional related parties with whom material transactions have taken place

Types of Related Party Transactions and Contracts

Waitakere City Holdings Limited receives dividends from subsidiary companies and pays dividends to Waitakere City Council. Waitakere City Council provides secretarial support for Waitakere City Holdings Limited, which is recovered based on time and cost. Costs incurred by Waitakere City Holdings Limited on behalf of subsidiary companies are recovered from that subsidiary.

Waitakere Properties Limited has performed consultancy work for Waitakere City Council.

**Waitakere City Holdings Limited
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14 RELATED PARTIES continued

Material Related Party Transactions

		Waitakere City Holdings Limited	
		2008	2007
		\$000	\$000
<i>Paid by WCHL to Waitakere City Council</i>			
	Dividends	-	1,161
	Subvention	-	782
	Secretarial fees	12	-
	Share buy-back	-	4,000
	Reimburse costs (sale of Techscape Limited)	-	423
<i>Received by WCHL from Techscape Limited</i>			
	Convertible note interest (gross of RWT)	-	222,637
	Proceeds from sale of shares	-	5,742,293
	Fully imputed dividend	-	600,000
	Redemption of convertible notes investment	-	-

		Waitakere City Holdings Limited	
		2008	2007
		\$000	\$000
Accounts Receivable			
	Waitakere City Holdings Limited receivable from Waitakere City Council	-	-
Accounts Payable			
	Waitakere City Holdings Limited payable to Waitakere City Council	-	429

Interest in Transactions

During the year there were no other transactions entered into by the directors of WCHL and its Subsidiary or associate company that would require disclosure.

Key Management & Directors

During the year there were no transactions between the Company and any key management personnel or Directors except for the directors fees paid.

**Waitakere City Holdings Limited
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15 NET CASH FLOW FROM OPERATING ACTIVITIES

	Waitakere City Holdings Limited		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Operating surplus after income tax	23	3,663	26	3,038
Non-cash items				
Depreciation and amortised expense	-	-	47	38
Movement in working capital				
(Increase)/Decrease in Receivables	37	122	(1)	78
Increase/(Decrease) in Payables	(1)	(160)	102	(126)
Less items classified as investing activity				
Dividends Received	-	(600)	-	(600)
Dividends Paid	-	-	-	-
Profit on Sale of Assets	-	(3,320)	-	(3,320)
Equity share of Associates net profit included in consolidated net surplus	-	-	-	633
NET CASH FLOW FROM OPERATING ACTIVITIES	59	(295)	174	(259)

**Waitakere City Holdings Limited
Annual Report 2008**

16 CONTINGENT LIABILITIES

Waitakere City Holdings Limited and Group have no contingent liabilities as at 30 June 2008 (2007: Nil)

17 CONTINGENT ASSET

Waitakere City Holdings Limited and Group have no contingent assets as at 30 June 2008 (2007: Nil)

18 STATEMENT OF COMMITMENTS

Waitakere City Holdings Limited and Group have no commitments as at 30 June 2008 (2007: Nil)

The group has the following commitments:

Capital Commitments

The Company has no capital expenditure commitments. (2007: Nil)

Operating Leases as Lessee

The group has no operating leases other than the Airbase License. (2007: Nil)

Waitakere Properties limited ("Licensee") has an agreement with the Hobsonville Land Company Limited as representative of Housing New Zealand Corporation as agent for the Crown for the use of land and facilities for a specified purpose on a limited term basis.

Specified use is for marine industry or film production.

Term of the licence is 3 years from 15 May 2006, with an option to renew for a period of a further two years.

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2008	2007
Payable no later than 1 year	246,670	296,000
Payable no later than 1-2 years	-	246,670
Payable no later than 2-5 years	-	-
Beyond 5 years	-	-
	246,670	542,670

The total minimum future sub lease payments expected to be received under non-cancelable subleases at balance date is \$266,667. (2007 \$581,667)

19 CAPITAL MANAGEMENT

The Company's capital is its share capital, and retained surpluses.

Equity is represented by net assets.

The Waitakere City Council (controlling body) requires the Board of Directors to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently.

The Company's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the Company's equity is to ensure the Company effectively achieves its objectives and purpose, whilst remaining a going concern.

**Waitakere City Holdings Limited
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20 STATEMENT OF FINANCIAL INVOLVEMENT IN COUNCIL-CONTROLLED ORGANISATIONS (CCO), COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTO) & COUNCIL ORGANISATIONS (CO)

Council's interests in CCO's, CCTO's and CO's are set out below. Notes 8, 9 and 14 contain details of WCHL's financial interests in the named enterprises.

	Percentage Shareholding
Waitakere Properties Limited (100% owned by WCHL)	100%
Waitakere Enterprise Trust	n/a

Property formally owned by the Waitakere City Council is legally vested in Deeds of Trust. Waitakere Properties Limited is Waitakere City Council's appointed sole Trustee

Under the Deeds of Trust, Waitakere Properties Limited acting as Trustee is obliged to develop and market properties to the best commercial advantage and to return to Waitakere City Council funds realised through sales as agreed between the parties from time to time

Balance Sheet

Properties vested in the Deeds of Trust have not been reflected in the statement of financial Position on the basis that Waitakere Properties is only acting as Trustee and the beneficial owner of these properties is the Waitakere City Council

Income Statement

Revenue from the realisation of properties have not been reflected in the Statement of Financial Performance. Expenditure incurred in developing and marketing of properties have not been reflected in the Statement of Financial Performance

Revenue and expenditure have been excluded on the basis that it has been received and incurred on behalf of Waitakere City Council, and that to reflect it in Waitakere Properties Limited financial statements would misrepresent the true substance of the transactions

Consulting and project management fees paid to Waitakere Properties Limited by the Waitakere City Council in relation to these properties have been recognised in full in the Statement of Financial Performance of Waitakere Properties Limited

Statement of Cash Flows

Cash flows relating to the development, marketing and sale of properties held under the Deed of Trust have not been included.

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STATEMENT OF SERVICE PERFORMANCE

The following reports performance against the targets set in Waitakere City Holdings Limited's (WCHL's) 2007/2008 Statement of Intent

GOVERNANCE OF COUNCIL-CONTROLLED ENTITIES WITH ACCOUNTABILITY TO THE COMMUNITY

Objective	Performance Target	Result
Ensure that the financial targets and strategic direction of WCHL are in line with the requirements of Waitakere City Council.	A draft 2008/09 SOI for the holding company and the draft SOIs of its subsidiaries will be submitted not later than 1 March 2008	Draft 2008/2009 SOI submitted prior to 1 March 2008
Ensure that Waitakere City Council is kept informed of all significant matters relating to its subsidiaries.	<p>Quarterly reports to the Finance and Operational Performance Committee of Council.</p> <p>Major matters of urgency are reported to the Chair of the Finance and Operational Performance Committee of Council and Council's Chief Executive jointly on a "no surprises" basis with formal reporting undertaken as soon as practical on the Board concluding its investigation and being in a position to report.</p>	<p>Quarterly reports were submitted to Council's Finance and Operational Performance Committee.</p> <p>All matters of urgency were reported to the Chair of the Finance and Operational Performance Committee and Council's Chief Executive within an appropriate timeframe.</p>
Ensure that WCHL directors add value to the company and that their conduct is according to generally accepted standards.	A formal evaluation of the WCHL governance structures and directorate completed in conjunction with Council by June 2009.	This was not achieved. A review of governance is being undertaken in the first half of the 2008/2009 financial year.
Ensure that WCHL's procedures for the recommendation of Directors for appointment to subsidiary directorates are open and in accordance with written policy.	That a Directors Policy be agreed with Council's Finance and Operational Performance Committee and the adopted policy be followed for any further director appointments made.	No policy agreed. To be reviewed in conjunction with the governance review.
Ensure timely advice to Council's Finance and Operational Performance Committee on the performance of the Boards of the respective activities.	Undertake an annual evaluation of the Holding Company, in conjunction with Council officers, of the respective Boards.	Not achieved. To be reviewed in conjunction with the governance review.

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FINANCIAL RETURN OR CONTRIBUTION TO COUNCIL'S OVERALL BUDGET

Objective

Ensure that WCHL returns a dividend to Waitakere City Council in accordance with the Council's budgets and meets other financial targets. This is to be reviewed due to the fact that WCHL's shareholding in Techscape Limited was sold at the beginning of the 2006/2007 financial year.

Ensure that the subsidiary companies return a minimum acceptable dividend (to be reviewed)

Performance Target

WCHL makes financial returns by way of fully imputed dividend or tax subvention in accordance with budget:
2007/08)
2008/09) to be reviewed
2009/10)

WCHL meets its budgeted level of income from its subsidiaries:
2007/08)
2007/08) to be reviewed
2008/09)

Result

No income received from subsidiaries therefor no return made to the Waitakere City Council

No income received from subsidiaries since the sale of shareholding in Techscape Limited.

ENSURING SUBSIDIARIES DELIVER ON COUNCIL'S STRATEGIC GOALS

Objective

Ensure that the subsidiaries have in place planning for the future.

Ensure that the draft subsidiary company SOIs are received on a timely basis for review and comment.

Ensure that the final subsidiary company SOIs are appropriate, measurable, attainable and timely.

Performance Target

Completion in conjunction with Council of a strategic directions document for the Group by 30 June 2008.

Draft 2008/09 SOIs are to be received no later than 21 February 2008.

Comments on the draft 2008/2009 SOIs within two months of the receipt of the draft.

Result

Not achieved. To be reviewed in conjunction with the governance review.

Draft 2008/2009 SOIs were reviewed by the Board of WCHL prior to 21 February 2008

WCC comments on the draft 2008/2009 were received within 2 months of the Council receiving the draft documents. Comments were received back and included in the draft SOIs before being finally adopted by the Council.

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ENSURING SUBSIDIARIES DELIVER ON COUNCIL'S STRATEGIC GOALS - continued

Objective

Ensure that the final subsidiary company SOIs are strategically aligned documents, while also being compatible with the strategic aims of Council.

Ensure that subsidiary company reporting is relevant and timely.

Ensure that there are adequate processes for the identification, assessment and management of the risk exposures of the subsidiary companies.

Performance Target

WCHL will direct the subsidiary companies to produce strategically aligned draft 2008/2009 SOIs.

WCHL will assess the alignment of the SOIs with any specifically notified Council strategic directives.

Objectives of subsidiaries developed, in conjunction with Council and Council officers, to be aligned with appropriate Council strategic platforms

WCHL will provide the subsidiary company SOIs to Council for comment.

Subsidiary company SOIs to incorporate specific reporting requirements, including quarterly reporting of performance.

Subsidiary company SOIs to incorporate specific statements regarding the processes for the management of risk exposures.

Result

The draft SOIs of the subsidiary companies were reviewed by the Council for appropriate alignment to Council strategic directives and platforms. Comments were received back and included in the final documents before being returned to Council for formal adoption.

Specific reporting requirements, including the requirement for quarterly performance reports, were incorporated in the subsidiary SOIs.

A statement regarding the process for the management of risk exposure was included in the Subsidiaries SOIs

SUPPORTING ENTERPRISE WAITAKERE'S CONTRIBUTION TO A STRONG INNOVATIVE ECONOMY

Objective

Oversee the operations of the Board of Trustees of Enterprise Waitakere.

Performance Target

WCHL will meet at least twice over the course of each financial year with the Board of Trustees to receive a formal update on operations.

Result

The Board Chairperson of WCHL is also on the Board of Trustees and in that capacity attends all Trust Board meetings. Formal updates on the Trust's performance are presented to each meeting of the WCHL Board.

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CORPORATE DIRECTORY

Directors

Bryan Mogridge, Chairperson

Appointed 1999

Director of own consultancy company Mogridge and Associates Limited. Chairperson of Waitakere Enterprise Trust. Other directorships include Pyne Gould Corporation Limited, Mainfreight Limited, Rakon Ltd, Guardian Healthcare Group Limited, Momentum Energy Ltd, Chairman of UBS and the Starship Foundation.

Ross Jewell

Appointed 1999

Director of own investment company. Current chairperson of Prime West Management Limited and director, but former chairperson, of Waitakere Properties Limited. Other directorships include Meadows Mushroom Limited, and Framework Trust.

Harry O'Rourke

Appointed 2001

Managing director of own consultancy company. Chief Executive of Waitakere City Council until 29 March 2008. Director of Waitakere Properties Limited (Appointed April 2008). Auckland Region Civil Defence Controller. A Director of Judo New Zealand and President of the Commonwealth Judo Association.

Contacts

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Enquiries

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Bankers

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Henderson, Waitakere City

Solicitors

Kensington Swan
Auckland City

Auditors

Audit New Zealand
Auckland City
on behalf of
The Auditor-General