



Financial  
**Statements**

# Consolidated Statement of Financial Performance

## For the Year Ended 30 June 2005

2003/04				2004/05		
Council Actual \$000's	Consolidated Actual \$000's		Note	Council Actual \$000's	Council Plan # \$000's	Consolidated Actual \$000's
<b>Operating Revenue</b>						
11,641	11,632	Rates	26, 27	12,161	12,224	12,148
772	467	Interest, Dividends and Subvention	22	1,205	875	820
8,276	8,278	Grants and Subsidies		13,247	9,807	13,253
2,269	27,272	Fees and Charges		1,915	1,696	33,593
-	11	Forestry Sales		-	-	8
617	617	Miscellaneous		843	297	845
<b>23,575</b>	<b>48,277</b>	<b>Total operating revenue</b>		<b>29,371</b>	<b>24,899</b>	<b>60,667</b>
<b>Expenditure (By Group)</b>						
3,572	27,826	Building Communities		4,991	4,293	34,801
12,847	12,847	Supporting the Economy		17,728	14,395	17,728
3,854	3,854	Protecting the Environment		4,410	4,308	4,410
811	865	Leadership		993	944	1,035
<b>21,084</b>	<b>45,392</b>	<b>Operating expenditure before Extra Depreciation &amp; Asset Changes</b>	<b>15</b>	<b>28,122</b>	<b>23,940</b>	<b>57,974</b>
<b>2,491</b>	<b>2,885</b>	<b>Operating surplus (deficit) before Extra Depreciation &amp; Asset Changes</b>		<b>1,249</b>	<b>959</b>	<b>2,693</b>
(973)	(973)	Additional Depreciation	15	(263)	-	(263)
3,701	3,701	Add/(deduct) Asset Changes	14	(1,972)	-	(1,972)
<b>5,219</b>	<b>5,613</b>	<b>Operating surplus (deficit) before tax</b>		<b>(986)</b>	<b>959</b>	<b>458</b>
-	287	Less Taxation Expense	20	-	-	547
<b>5,219</b>	<b>5,326</b>	<b>Net surplus (deficit) after tax for the period</b>		<b>(986)</b>	<b>959</b>	<b>(89)</b>
<b>Equity holders financial interest in surplus/(deficit)</b>						
5,219	5,026	Parent Interest		(986)	959	(539)
-	300	Minority Interest		-	-	450
<b>5,219</b>	<b>5,326</b>	<b>Net surplus (deficit) for the period</b>		<b>(986)</b>	<b>959</b>	<b>(89)</b>

# The Plan has \$810,000 of internal charges from Consultancy eliminated in both "Miscellaneous" Revenue & in "Supporting the Economy" Expenditure. This differs to the Long Term Council Community Plan which include the internal charges in the totals.

These Statements should be read in conjunction with the Notes to the Financial Statements.

# Consolidated Statement of Movements in Equity

For the Year Ended 30 June 2005

2003/04		Note	2004/05		
Council Actual \$000's	Consolidated Actual \$000's		Council Actual \$000's	Council Plan \$000's	Consolidated Actual \$000's
<b>Recognised Revenues and Expenses</b>					
Net Surplus/(Deficit) After Tax					
5,219	5,026		(986)	959	(539)
-	300		-	-	450
<b>5,219</b>	<b>5,326</b>	<b>Net Surplus/(Deficit) For the Year</b>	<b>(986)</b>	<b>959</b>	<b>(89)</b>
Increases/(decreases) in Revaluation Reserves					
37,698	37,698	11	24,714	-	25,617
-	-		-	-	465
<b>37,698</b>	<b>37,698</b>	<b>Total Increases/(decreases) in Revaluation Reserves</b>	<b>24,714</b>	<b>-</b>	<b>26,082</b>
<b>Total Recognised Revenues and Expenses</b>					
42,917	42,725		23,728	959	25,078
-	299		-	-	915
<b>42,917</b>	<b>43,024</b>	<b>Total Recognised Revenues and Expenses</b>	<b>23,728</b>	<b>959</b>	<b>25,993</b>
<b>Distributions to Owners</b>					
<b>Dividend Declared</b>					
-	-		-	-	-
-	(120)		-	-	(180)
-	<b>(120)</b>	<b>Total Distributions to Owners</b>	<b>-</b>	<b>-</b>	<b>(180)</b>
<b>Opening Equity at 1 July 2004</b>					
531,437	538,165	10	574,354	532,923	580,890
-	4,123		-	-	4,302
<b>531,437</b>	<b>542,288</b>	<b>Total Opening Equity at 1 July 2004</b>	<b>574,354</b>	<b>532,923</b>	<b>585,192</b>
<b>Net Increase/(Decrease) in Equity for the Year</b>					
42,917	42,725		23,728	959	25,078
-	179		-	-	735
<b>42,917</b>	<b>42,904</b>	<b>Total Net Increase/(Decrease) in Equity for the Year</b>	<b>23,728</b>	<b>959</b>	<b>25,813</b>
<b>Closing Equity at 30 June 2005</b>					
574,354	580,890	10	598,082	533,882	605,968
-	4,302		-	-	5,037
<b>574,354</b>	<b>585,192</b>	<b>Total Closing Equity at 30 June 2005</b>	<b>598,082</b>	<b>533,882</b>	<b>611,005</b>

# Consolidated Statement of Financial Position

As at 30 June 2005

2003/04				2004/05		
Council Actual \$000's	Consolidated Actual \$000's		Note	Council Actual \$000's	Council Annual Plan \$000's	Consolidated Actual \$000's
<b>Assets</b>						
<b>Current Assets</b>						
11,447	12,582	Cash and Bank	1	11,730	7,217	12,727
2,887	7,618	Accounts Receivable & Prepayments	5	3,380	1,488	8,745
1	1	Current Portion of Investments	2	2	2	2
23	1,053	Inventory and Livestock	8	17	24	1,083
75	75	Properties Intended for Resale		105	159	105
-	3	Refund of Taxation Due	20	-	-	66
<b>14,433</b>	<b>21,332</b>	<b>Total Current Assets</b>		<b>15,234</b>	<b>8,890</b>	<b>22,728</b>
<b>Non-Current Assets</b>						
5,062	1,355	Investments	2	5,059	5,063	1,323
-	-	Properties Intended for Resale		-	-	-
18,165	35,049	Operational Assets	4	18,340	17,271	38,877
548,673	548,673	Infrastructure Assets	4	571,725	514,927	571,725
2,541	2,541	Restricted Assets	4	2,468	1,493	2,468
<b>574,441</b>	<b>587,618</b>	<b>Total Non-Current Assets</b>		<b>597,592</b>	<b>538,754</b>	<b>614,393</b>
<b>588,874</b>	<b>608,950</b>	<b>TOTAL ASSETS</b>		<b>612,826</b>	<b>547,644</b>	<b>637,121</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
-	900	Short Term Cash Facility		-	-	900
3,379	6,002	Accounts Payable and Accruals	6	3,541	2,304	6,329
-	696	Current Portion of Term Loans	9	-	1,002	708
228	1,701	Employee Provisions	7	275	203	1,683
-	120	Provision For Dividend		-	-	180
3,607	9,419	Total Current Liabilities		3,816	3,509	9,800
<b>Non-Current Liabilities</b>						
10,000	11,918	Non-current portion of Term Loans	9	10,000	9,237	13,205
159	159	Employee Provisions	7	165	177	165
469	469	Tenant Contributions	3	469	388	469
285	285	Provision for Landfill Closures	24	294	451	294
-	1,508	Deferred Taxation	20	-	-	2,183
<b>10,913</b>	<b>14,339</b>	<b>Total Non-Current Liabilities</b>		<b>10,928</b>	<b>10,253</b>	<b>16,316</b>
<b>14,520</b>	<b>23,758</b>	<b>TOTAL LIABILITIES</b>		<b>14,744</b>	<b>13,762</b>	<b>26,116</b>
<b>Equity</b>						
370,607	377,142	Accumulated Funds	10	368,836	369,969	375,817
196,261	196,261	Revaluation Reserves	11	220,328	159,019	221,231
7,365	7,365	Special Funded Reserves	12	8,887	4,865	8,887
121	121	Trust Funds	13	31	29	31
-	4,303	Minority Interest	10	-	-	5,039
<b>574,354</b>	<b>585,192</b>	<b>TOTAL EQUITY</b>		<b>598,082</b>	<b>533,882</b>	<b>611,005</b>
<b>588,874</b>	<b>608,950</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>612,826</b>	<b>547,644</b>	<b>637,121</b>

There has been a reclassification of the budget fixed asset values, as noted in the LTCCP, of \$4,052,000 from operational to infrastructural assets.

This Statement should be read in conjunction with the Notes to the Financial Statements.



# Statement of Commitments (Council)

As at 30 June 2005

Council were committed to the following projects at Year End:

2003/04 Council \$000's		Council \$000's < 1 Year	Council \$000's 1-2 Years	Council \$000's 2-5 Years	Council \$000's > 5 Years	2004/05 Council \$000's Total
<b>Council Capital Commitments</b>						
272	Makomako/Beeches Road	7	-	-	-	7
65	Tyndall / Pitt Street	-	-	-	-	-
160	Makomako Road Passing Lane	-	-	-	-	-
889	Footpath Renewels Unspent	451	-	-	-	451
340	Bridge Abutment Repairs Unspent	754	-	-	-	754
158	Pahiatua Stormwater	-	-	-	-	-
320	Dannevirke Stormwater	-	-	-	-	-
-	Kaitawa/Hinemoa Valley Road	46	-	-	-	46
-	Minor Safety Works - Southern Area	140	-	-	-	140
-	Miller Street	45	-	-	-	45
-	Pahiatua/Pongaroa Rd	294	-	-	-	294
-	Waihoki Valley Rd Bridge E-78	443	-	-	-	443
-	Route 52 Reconstruction	649	-	-	-	649
-	Pahiatua Subdivision	193	-	-	-	193
<b>2,204</b>	<b>Total Capital Commitments</b>	<b>3,022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,022</b>
<b>Council Operating Commitments</b>						
52	Administration	347	185	186	-	718
63	Facilities Management Contracts	51	51	90	120	312
800	Tararua Aquatic Trust	160	160	320	-	640
467	Community Services Maintenance	494	-	-	-	494
457	Infrastructural Maintenance Non subsidised	324	324	240	-	888
4,663	Infrastructural Maintenance Subsidised	4,540	4,410	3,928	-	12,878
2,397	Flood Damage Restoration Unspent	15	-	-	-	15
235	Pavement Levelling	-	-	-	-	-
306	Civil Defence	139	28	-	-	167
49	Sports Manawatu	12	-	-	-	12
-	Woodville Districts' Vision	25	-	-	-	25
-	Pahiatua on Track	37	-	-	-	37
20	Pahiatua Swimming Pool	20	-	-	-	20
14	Woodville Swimming Pool	20	-	-	-	20
14	Eketahuna Swimming Pool	20	-	-	-	20
<b>9,537</b>	<b>Total Operating Commitments</b>	<b>6,204</b>	<b>5,158</b>	<b>4,764</b>	<b>120</b>	<b>16,246</b>

This Statement should be read in conjunction with the Notes to the Financial Statements.

# Statement of Commitments (Consolidated)

As at 30 June 2005

Council & its related entities were committed to the following projects at Year End:

	2003/04	Consolidated				2004/05
	Consolidated \$000's	\$000's < 1 Year	\$000's 1-2 Years	\$000's 2-5 Years	\$000's >5 Years	\$000's Total
<b>Consolidated Capital Commitments</b>						
- Makomako/Beeches Road		-	-	-	-	-
- Tyndall / Pitt Street		-	-	-	-	-
- Makomako Road Passing Lane		-	-	-	-	-
- Footpath Renewels Unspent		-	-	-	-	-
- Bridge Abutment Repairs Unspent		22	-	-	-	22
- Pahiatua Stormwater		-	-	-	-	-
- Dannevirke Stormwater		-	-	-	-	-
- Kaitawa/Hinemoa Valley Road		-	-	-	-	-
- Minor Safety Works - Southern Area		-	-	-	-	-
- Miller Street		45	-	-	-	45
- Pahiatua/Pongaroa Rd		-	-	-	-	-
- Waihoki Valley Rd Bridge E-78		443	-	-	-	443
- Route 52 Reconstruction		-	-	-	-	-
- Pahiatua Subdivision		-	-	-	-	-
- <b>Total Capital Commitments</b>		<b>510</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>510</b>
<b>Consolidated Operating Commitments</b>						
385 Administration		347	185	186	-	718
21 Facilities Management Contracts		51	51	90	120	312
- Tararua Aquatic Trust		-	-	-	-	-
246 Community Services Maintenance		223	-	-	-	223
495 Infrastructural Maintenance Non subsidised		324	324	240	-	888
638 Infrastructural Maintenance Subsidised*		612	482	-	-	1,094
- Flood Damage Restoration Unspent		15	-	-	-	15
- Pavement Levelling		-	-	-	-	-
26 Civil Defence		139	28	-	-	167
86 Sports Manawatu		12	-	-	-	12
- Woodville Districts' Vision		25	-	-	-	25
- Pahiatua on Track		37	-	-	-	37
20 Pahiatua Swimming Pool		20	-	-	-	20
14 Woodville Swimming Pool		20	-	-	-	20
14 Eketahuna Swimming Pool		20	-	-	-	20
<b>1,945 Total Operating Commitments</b>		<b>1,845</b>	<b>1,070</b>	<b>516</b>	<b>120</b>	<b>3,551</b>

# Statement of Accounting Policies

For the Year Ended 30 June 2005

## Basis of Preparation

Tararua District Council is a Local Authority as provided in the First Schedule of the Local Government Act 2002 (the Act).

For accounting purposes, the parent heading "Council" consists of activities of Council and its business unit, Consultancy, and the Dannevirke Aerodrome.

The heading "Consolidated" consists of "Council" and those entities Council is in a position to significantly influence, in accordance with the Institute of Chartered Accountants of New Zealand's Financial Reporting Standard 36.

These include its subsidiary TDC Holdings Limited (100% owned), which itself owns Infracon Limited (66% owned), and Tararua Forests Limited (100% owned). It also includes entities reliant on Council grants such as Tararua Aquatic Community Trust.

The financial statements of the parent and consolidated entities comply with Section 98 of the Act that includes the requirement to comply with generally accepted accounting practices (GAAP). Authoritative support to GAAP is provided from the Institute of Chartered Accountants of New Zealand as well as the Accounting Standards Review Board under the Financial Reporting Act 1993.

In order to meet its obligations under the Local Government Act, the Council has included Cost of Service Statements together with supporting notes for each significant activity.

## Measurement Base

The Financial Statements have been prepared on historical cost basis, modified by the revaluation of certain fixed assets classes.

## Accounting Policies

The accounting policies, which materially affect the measurement of results and financial position, have been applied.

### 1.1 Basis of Consolidation – Purchase Method

The purchase method is used to consolidate both Council and related entity activities, which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

All significant inter-entity transactions are eliminated on consolidation.

### 1.2 Goods and Services Tax

All transactions are recorded exclusive of Goods and Services Tax (GST) except for accounts payable and accounts receivable. When GST is not recoverable as an input tax, it is recognised as part of the asset or expense.

### 1.3 Support Activity Cost Allocation

Council is required to report performance of its significant activities. Indirect costs must be allocated to the significant activities. These are administrative and other indirect costs of providing the services to the community. "Direct Costs" are those costs directly attributable to a significant activity. "Indirect Costs" are those costs, which cannot be identified in an economically feasible manner with a specific significant activity. All support activity costs have been allocated in such a way as to reflect the "true cost" of a particular service delivery activity. The cost of the debt owing has been allocated directly to the activity for which the loan was raised.

### 1.4 Budget

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Long Term Council Community Plan and Annual Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

### 1.5 Revenue

Rates and levies are recognised as revenue when levies are struck. Transfund roading subsidies are recognised as revenue upon meeting the conditions of eligible expenditure. Dividends are recognised as revenue when reflected in subsidiary financial statements net of imputation credits. Grants, bequests, and assets vested in Council, with or without conditions, are recognised as revenue when control over the assets is obtained. All other revenue is recognised at the time the goods or services were provided.

### 1.6 Leased Assets

#### 1.6.1 Operating Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased item are charged as expenses in the periods in which they are incurred.

#### 1.6.2 Finance Leases

Leases where substantially all risks and rewards incidental to ownership of the asset are transferred to the group, are classified as finance leases and are capitalised. The leased assets and corresponding liabilities are disclosed. The leased assets are depreciated over the period the entity is expected to benefit from their use. Finance charges are apportioned over the term of the respective lease and are recognised in the Statement of Financial Performance.

## 1.7 Taxation

The income tax expense charged against the surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences. Council uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

## 1.8 Equity

Equity is the community's interest in the parent and group and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council and the group make of its accumulated surpluses.

The components of equity are:

- Accumulated funds
- Restricted reserves
  - Trust funds
  - Special fund reserves
- Revaluation reserves

## 1.9 Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

### 1.9.1 Special Funds

In accordance with the Local Government Reorganisation Scheme, Special Funds set up by the former authorities under the Local Government Act, 2002 have been set-aside for specific purposes.

### 1.9.2 Trust Funds

These are funds received by the Council over time, usually by way of donation or bequest, which restrict the use of the funds. All such funds are separately invested and are not available for any other purposes. The interest earned is credited to the funds.

## 1.10 Employee Entitlements

Provision is made in respect of the group's liability for annual leave, long service leave and retirement gratuities. These have been calculated on an actual rather than actuarial entitlement basis at current rates of pay.

Council also makes provision for annual leave and sick leave for Infracon Limited. This liability is based on the amount owed to employees at time of the Company's inception.

## 1.11 Inventory and Livestock

Inventory is valued at the lower of cost, determined on a first-in first out basis, or net realisable value. Livestock is valued

at market value. The valuation allows for slow moving and obsolete inventories.

## 1.12 Accounts Receivable

Accounts receivable is stated at estimated realisable value after providing for doubtful and uncollectable debts.

## 1.13 Properties Intended For Sale

Properties intended for sale are valued at the lower of cost and net realisable value.

## 1.14 Investments

### 1.14.1 Forest Investments and Forestry Rights

Forestry Rights are stated at their cost 30 June 1999 less the cost of areas harvested since that date. They confer rights to plant, harvest and sell all trees on the land. The maximum term is 30 years. However, in respect of any land that is reserve land the right is by way of licence to occupy for 6 terms of 5 years.

### 1.14.2 Other Investments

Tararua Forests Limited investments are stated at cost. All other investments are stated at the lower of cost and net realisable value. Any decreases are stated in the Statement of Financial Performance.

## 1.15 Property Plant and Equipment

### 1.15.1 Operational Assets - Valuation

Land (excluding road land) was valued at net current value at 30 June 2001 by Quotable Value New Zealand, in accordance with the Institute of Chartered Accountants of New Zealand Financial Reporting Standard No. 3. Valuation is carried out on a three-yearly cycle.

Buildings were valued at net current value at 30 June 2003 by Quotable Value New Zealand, in accordance with the Institute of Chartered Accountants of New Zealand's Financial Reporting Standard No. 3. The revaluation of buildings was undertaken one year earlier than the usual three-yearly cycle in order to break the building valuations into significant component parts. This division into components allows for more realistic useful lives to be assigned which in turn results in a more accurate annual depreciation charge. The normal three-yearly revaluation cycle will be maintained from this year onwards.

Council Plant Equipment and Motor Vehicles. Under section 7.20 of the Institute of Chartered Accountants of New Zealand Financial Reporting Standard No. 3 Council has the option to withdraw an asset class from a revaluation cycle if the cost of maintaining the revaluations does not bring material information improvement benefits. As the three

## Statement of Accounting Policies continued...

yearly revaluation of Council Plant Equipment and Motor Vehicles does not bring material benefits for the costs incurred, Council withdraws this asset class from the three yearly revaluation regime and reverts to historical cost principles. Asset that existed at the last three-yearly revaluation (30 June 2000) will retain those gross values less accumulated depreciation. Items purchased from 30 June 2000 onwards will be recorded at purchase price less accumulated depreciation. It is not anticipated that there will be any material effects on either the Councils Statement of Financial Performance or Statement of Financial Position.

The revalued assets are included in the Statement of Financial Position at the revalued amount. Increases in the value of assets are credited to the appropriate asset revaluation reserve.

Decreases in the value of assets reduce the appropriate asset revaluation reserve until the reserve is fully depleted. Any further decreases are then expensed in the Statement of Financial Performance. Later valuations that increase the value of a class of assets can be treated as revenue to offset any expensing from prior financial years for that same class of asset.

Swimming pools were valued at 1 July 1993 by Consulting Engineers, Royds Consulting using the "Depreciated Replacement Cost" method.

The Library collection was valued using depreciated replacement costs. The collection is assumed to have a useful life of between one and eight years.

Other operational assets are valued at cost less accumulated depreciation. In certain instances where details of cost were unavailable the opening value of the asset was based on an estimate of its fair value at that time.

Work in progress represents assets under construction and is valued at the lower of cost and net realisable value.

### 1.15.2 Infrastructure Assets - Valuation

These are fixed utility systems that provide a continuing service to the community, and are not generally regarded as tradeable.

Water supplies and sewerage schemes were valued at 30 June 2003 by Tararua District Council and reviewed by Registered Valuers, at Opus International Consultants Limited, (Opus), using optimum depreciated replacement cost. They are revalued on a three year cycle.

Stormwater systems were valued at 30 June 2003 by Tararua District Council and reviewed by Registered Valuers at Opus, using optimum depreciated replacement cost. They are revalued on a three year cycle.

Roads, Bridges and Culverts were valued as at 30 June 2005 by Tararua District Council and reviewed by independent valuer Opus, using optimum depreciated replacement cost. Unformed roads have not been included in the asset value as there is no generally accepted accounting practice for recognition of these assets. They are revalued by Tararua District Council and reviewed annually.

Road Land was revalued as at 30 June 2005 by Tararua District Council and reviewed by Registered Valuers at Opus, using the average land value of the district from the rural and urban rating valuation roll as at that date. It is revalued annually.

Waste Management has been depreciated from the set-up costs of various landfill sites on a straight-line basis using their licence expiry date as a guide to their useful life. Post closure costs have been calculated and depreciated on a straight line basis.

Work in progress represents assets under construction and is valued at the lower of cost and net realisable value.

### 1.15.3 Restricted Assets - Valuation

These are assets that cannot be disposed of due to legal or other restrictions. Restricted assets were valued at net current value at 30 June 2004 by Quotable Value New Zealand, in accordance with the Institute of Chartered Accountants of New Zealand Financial Reporting Standard No. 3. Valuation is carried out on a three-yearly cycle.

### 1.15.4 Additions

Additions between revaluations are recorded at cost, except for vested assets. Vested reserve land is valued at the most recent certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of components vested and the current "in the ground" cost of providing identical services.

Costs incurred in obtaining resource consents are capitalised as part of the class to which they relate.

### 1.15.5 Depreciation

Depreciation is calculated on the following rates according to Asset Management Plans (AMP's). These plans are in place for the Roads, Bridges, Street lighting, Footpaths, Culverts, Sewerage systems, Solid Waste systems, Parks and Reserves, and Water Supplies. Stormwater systems and War Memorials are yet to have full AMP's developed.

Assets under construction are not depreciated. The total cost of a project is transferred to the

relevant asset class on its completion and then depreciated.

The following fixed assets are depreciated on a straight-line basis at rates that will write off their cost less any estimated residual value over their expected useful economic life. The expected lives for all classes of fixed assets are as follows:

	<b>Years</b>
Land	Non Depreciable
Buildings	15 - 120
Computer equipment	3 - 5
Furniture and fittings	5 - 10
Library Collections	1 - 8
Motor vehicles	5 - 10
Plant and equipment	3 - 25
Leasehold Development	3 - 20
Roading	
- Sub-base (rural)	Non Depreciable
- Sub-base (urban)	40
- Base	40 - 55
- Seal	15 - 40
- Drainage	50 - 75
- Kerbing	25 - 100
- Footpaths	10 - 100
Bridges & Culverts	50 - 100
Sewerage	
- Pipes	60 - 80
- Man holes	60 - 80
- Treatment Ponds	80
- Pumps	10
- Flow Monitoring Equipment	10
Stormwater	
- Pipes	80
- Manholes	100
Street Lights	30
Swimming pools	15 - 50
Water supplies	
- Monitoring Equipment	10 - 20
- Pipes, Hydrants, Valves	50 - 60
- Treatment	10 - 100
- Pumps	15 - 25
- Tanks	40 - 100
Waste Management	2 - 17
Items Under Construction	Non Depreciable

## 1.16 Financial Instruments

### 1.16.1 Council

Council is party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, short-term

deposits, investments, receivables, payables, leases, and loans. Financial Instruments are shown at their fair value except where covered elsewhere in a separate accounting policy and except for loans that are recorded at cost.

Revenues and expenses generated by the financial instruments are recognised in the Statement of Financial Performance. These include gains and losses on disposal, and revaluation of current and non-current assets.

The financial instruments are recognised in the Statement of Financial Position.

### 1.16.2 TDC Holdings Limited

All financial instruments are recognised in the Statement of Financial Position. TDC Holdings Limited has not entered into any off balance sheet instruments. All financial instruments including cash, bank and accounts receivable and payable are recognised at cost.

### 1.16.3 Infracon Limited

Infracon Limited is risk averse and seeks to minimise exposure arising from its Treasury activity. The Company is not authorised by its Treasury policy to enter any transactions, which are speculative in nature.

The Company establishes counterparty limits for each counterparty based on external credit ratings, whether the transaction is secured or unsecured and the percentage value of the total portfolio the investment with that counterparty forms.

The Company's dealing in financial instruments come under the following category:

#### On Balance Sheet

The Company enters into financial instruments such as Bonds, Bank Bills, Treasury Bills and Certificates of Deposit. These instruments are valued at market value at balance date.

Income from such investments is recognised in the Statement of Financial Performance on an accrual basis. Unrealised gains or losses arising from the revaluation of these investments or realised gains or losses on disposal of these investments are recognised in the Statement of Financial Performance.

### 1.16.4 Tararua Forests Limited

All financial instruments are recognised in the Statement of Financial Position. Tararua Forests Limited has not entered into any off Balance Sheet instruments. All financial instruments including cash, bank and accounts payable are recognised at cost.

## Statement of Accounting Policies continued...

### 1.17 Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or group invests as part of its day to day cash management.

Operating activities include cash received from all income sources and record the cash payments made for the supply of goods and services. Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Investing and financing activity transactions have had their respective sources and applications of cash netted off where rollover of financing has occurred and where there have been transfers between Council bank accounts.

Financing activities comprise activities that change the equity and debt capital structure of the Council and group.

### 1.18 Construction Contracts

Surpluses are recognised only when the outcome of the contract can be reliably estimated.

Foreseeable deficits on a contract are recognised immediately.

### 1.19 Landfill Post Closure Costs

The Council as operator and past-operator of six landfills, has a legal obligation under the various resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure cash flows arise.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all known costs associated with the landfills post closure. The discount rate used is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

### Changes in Accounting Policies

There have been no other changes in accounting policies from the previous financial year. Policies have been applied consistently throughout the year.

# Consolidated Notes to Financial Statements

## For the Year Ended 30 June 2005

### 1. Cash and Bank

The average interest rate received on the Call Deposit for the 2004/05 year was 6.35%. In 2003/04 this was 5.31%.

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
1,285	2,270	Current Accounts	359	1,320
10,162	10,312	On-call Deposits	11,371	11,407
<b>11,447</b>	<b>12,582</b>	<b>Total Cash and Bank</b>	<b>11,730</b>	<b>12,727</b>

### 2. Investments

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
5,015	-	<b>Shares - TDC Holdings Limited</b>	5,015	-
		<b>New Zealand Local Government Insurance Corporation Limited</b>		
44	44	43,986 Fully Paid Ordinary Shares of \$1.00 each.	44	44
		<b>Power Co Limited</b>		
0.2	0.2	Council sold the 120 shares it owned in this company along with the bonds it was gifted	-	-
		<b>Trusts Settled by Council (valued at initial capital cost)</b>		
0.5	-	Tararua Aquatic Community Trust	0.5	-
		<b>Forests (excluding land)</b>		
-	1,308	On 30 June 1999 Council sold its forests to Tararua Forests Limited	-	1,279
3	3	Rural Housing Loans	2	2
<b>5,063</b>	<b>1,355</b>	<b>Total Investments</b>	<b>5,061</b>	<b>1,325</b>
		<b>Made up of:</b>		
1	1	Current Portion of Investments	2	2
5,062	1,355	Term Portion of Investments	5,059	1,323
<b>5,063</b>	<b>1,356</b>	<b>Total Investments</b>	<b>5,061</b>	<b>1,325</b>

### 3. Tenant Contributions

Council owns 12 self-contained flats styled "Tenant Contribution Flats". The tenants of these flats make an interest-free loan to Council on signing a lease, and Council repays the loan upon the tenant vacating the flat. The amount of the loan varies from flat to flat but generally is set at 75% of the current market value of the unit at the time the lease is signed.

At 30 June 2005 the loans repayable to tenants totalled \$469,000 (2004 \$469,000).

## Consolidated Notes to Financial Statements continued...

### 4. Property Plant & Equipment

2002/2003				2003/2004				
Cost or Accumulated Valuation \$000's	Depreciation \$000's	Net Book Value \$000's	Depreciation Expenses \$000's	Cost or Accumulated Valuation \$000's	Depreciation \$000's	Net Book Value \$000's	Depreciation Expenses \$000's	
<b>Council</b>								
<b>Operational Assets</b>								
<b>At Valuation</b>								
11,317	486	10,831	486	Buildings	11,315	967	10,348	485
-	-	-	-	- Computer Equipment	-	-	-	-
-	-	-	-	- Furniture and Fittings	-	-	-	-
4,759	-	4,759	-	- Land	4,728	-	4,728	-
-	-	-	-	- Leasehold Development	-	-	-	-
295	61	234	61	Library Collections	413	147	266	86
-	-	-	-	- Motor Vehicles	-	-	-	-
-	-	-	-	- Plant and Machinery	-	-	-	-
-	-	-	-	- Swimming Pools	-	-	-	-
<b>At Cost</b>								
985	27	958	27	Buildings	1,630	68	1,562	37
1,299	1,064	235	167	Computer Equipment	1,449	1,189	260	137
493	315	178	51	Furniture and Fittings	540	372	168	55
-	-	-	-	- Land	-	-	-	-
-	-	-	-	- Library Collections	-	-	-	-
539	255	284	100	Motor Vehicles	586	284	302	106
436	153	283	48	Plant and Machinery	496	199	297	53
320	75	245	6	Swimming Pools	320	82	238	7
158	-	158	-	Work in Progress	171	-	171	-
<b>20,601</b>	<b>2,436</b>	<b>18,165</b>	<b>946</b>	<b>Total Operational Assets</b>	<b>21,648</b>	<b>3,308</b>	<b>18,340</b>	<b>966</b>
<b>Infrastructure Assets</b>								
<b>At Valuation</b>								
453,563	-	453,563	3,450	Roading Network	474,275	-	474,275	3,723
44,759	-	44,759	942	Roading Bridges and Culverts	46,173	-	46,173	991
22,902	-	22,902	-	Roading Land	24,047	-	24,047	-
7,294	198	7,096	197	Sewerage Systems	7,270	394	6,876	197
1,945	52	1,893	51	Stormwater Systems	1,945	104	1,841	52
1,009	-	1,009	27	Street-lighting	670	-	670	31
-	-	-	-	Waste Management	-	-	-	-
13,007	408	12,599	407	Water Supply Systems	13,014	817	12,197	408
<b>At Cost</b>								
-	-	-	59	Roading Network	-	-	-	51
-	-	-	14	Roading Bridges and Culverts	-	-	-	2
-	-	-	-	Roading Land	-	-	-	-
3,884	16	3,868	16	Sewerage Systems	4,328	201	4,127	185
186	1	185	1	Stormwater Systems	713	7	706	6
-	-	-	-	Street-lighting	-	-	-	-
379	230	149	29	Waste Management	379	256	123	26
244	3	241	3	Water Supply Systems	293	8	285	5
409	-	409	-	Work in Progress	405	-	405	-
<b>549,581</b>	<b>908</b>	<b>548,673</b>	<b>5,196</b>	<b>Total Infrastructure Assets</b>	<b>573,512</b>	<b>1,787</b>	<b>571,725</b>	<b>5,677</b>
<b>Restricted Assets</b>								
<b>At Valuation</b>								
993	-	993	-	Cemetery Reserves	993	-	993	-
867	-	867	-	Parks and Reserves	867	-	867	-
312	-	312	-	Roading Reserves	239	-	239	-
100	-	100	-	Sundry Reserves	100	-	100	-
269	-	269	-	War Memorials	269	-	269	-
<b>2,541</b>	<b>-</b>	<b>2,541</b>	<b>-</b>	<b>Total Restricted Assets</b>	<b>2,468</b>	<b>-</b>	<b>2,468</b>	<b>-</b>
<b>572,723</b>	<b>3,344</b>	<b>569,379</b>	<b>6,142</b>	<b>Total Council Assets</b>	<b>597,628</b>	<b>5,095</b>	<b>592,533</b>	<b>6,643</b>

#### 4. Fixed Assets (continued)

2003/04				2004/05				
Cost or Accumulated Valuation	Depreciation	Net Book Value	Depreciation Expenses	Cost or Accumulated Valuation	Depreciation	Net Book Value	Depreciation Expenses	
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
<b>Consolidated</b>								
<b>Operational Assets</b>								
<b>At Valuation</b>								
12,418	580	11,838	486	Buildings	11,971	967	11,004	485
-	-	-	-	Computer Equipment	-	-	-	-
-	-	-	-	Furniture and Fittings	-	-	-	-
4,759	-	4,759	-	Land	5,411	-	5,411	-
700	80	620	39	Leasehold Development	700	125	575	39
295	61	234	61	Library Collections	413	147	266	86
-	-	-	-	Motor Vehicles	6,075	-	6,075	-
217	120	97	-	Plant and Machinery	10,978	-	10,978	-
<b>At Cost</b>								
1,453	56	1,397	62	Buildings	2,793	193	2,600	73
1,797	1,291	506	313	Computer Equipment	2,024	1,575	449	283
495	317	178	51	Furniture and Fittings	543	374	169	55
768	-	768	-	Land	255	-	255	-
6,990	1,252	5,738	601	Motor Vehicles	586	284	302	607
10,016	1,505	8,511	830	Plant and Machinery	721	337	384	834
320	75	245	6	Swimming Pools	320	82	238	7
158	-	158	-	Work in Progress	171	-	171	-
<b>40,386</b>	<b>5,337</b>	<b>35,049</b>	<b>2,449</b>	<b>Total Operational Assets</b>	<b>42,961</b>	<b>4,084</b>	<b>38,877</b>	<b>2,469</b>
<b>549,581</b>	<b>908</b>	<b>548,673</b>	<b>5,196</b>	<b>Total Infrastructural Assets</b>	<b>573,512</b>	<b>1,787</b>	<b>571,725</b>	<b>5,677</b>
<b>2,541</b>	<b>-</b>	<b>2,541</b>	<b>-</b>	<b>Total Restricted Assets</b>	<b>2,468</b>	<b>-</b>	<b>2,468</b>	<b>-</b>
<b>592,508</b>	<b>6,245</b>	<b>586,263</b>	<b>7,645</b>	<b>Total Consolidated Assets</b>	<b>618,941</b>	<b>5,871</b>	<b>613,070</b>	<b>8,146</b>

The following gains/(losses) on the disposal of fixed assets are included in the Consolidated Statement of Financial Performance. (Ref Note 4.)

2003/04			2004/05		
Council	Consolidated		Council	Consolidated	
\$000's	\$000's		\$000's	\$000's	
6	6	Buildings	(2)	(2)	
1	1	Computer Equipment	1	1	
-	-	Furniture and Fittings	-	-	
92	92	Land	3	3	
(14)	(14)	Library Books	-	-	
(5)	(5)	Motor Vehicles	23	23	
1	(68)	Plant & Machinery	(3)	(323)	
(1)	(1)	Road Reserves	(74)	(74)	
(15)	(15)	Parks & Reserves	-	-	
-	-	Roading Land	-	-	
-	-	Bridges	-	-	
(881)	(879)	Roading Network	(1,497)	(1,496)	
(41)	(41)	Sewerage	(23)	(23)	
-	-	Swimming Pools	-	-	
(10)	(10)	War Memorials	-	-	
(29)	(29)	Water	(1)	(1)	
<b>(896)</b>	<b>(963)</b>	<b>Net Gains/(Losses) on Disposal of Fixed Assets</b>	<b>(1,573)</b>	<b>(1,892)</b>	

## Consolidated Notes to Financial Statements continued...

### 5. Accounts Receivable and Prepayments

Accounts receivable are shown at their estimated collectable amount after deduction of a provision for doubtful debts.

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
117	-	Dividend/Subvention/Interest Accrued Receivable *	107	-
2,851	7,719	Accounts Receivable	3,370	8,862
(132)	(152)	Less Provision for Doubtful Debts	(132)	(152)
51	51	Prepayments	35	35
<b>2,887</b>	<b>7,618</b>	<b>Net Accounts Receivable</b>	<b>3,380</b>	<b>8,745</b>

### 6. Accounts Payable and Accruals

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
1,675	5,411	Trade Creditors	1,262	5,780
1	1	Deposits & Bonds	8	8
383	383	Other Payables	370	360
1,267	(52)	Amounts Owing to Subsidiaries	1,680	(40)
-	-	Amounts Owing to In-substance Subsidiaries	-	-
53	53	Revenue in Advance	185	185
-	-	Interest payable	36	36
-	206	Tax Payable	-	-
<b>3,379</b>	<b>6,002</b>	<b>Net Accounts Payable and Accruals</b>	<b>3,541</b>	<b>6,329</b>

### 7. Employee Provisions

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
49	49	Accrued Pay	75	75
179	1,652	Annual Leave	200	1,608
159	159	Retirement Leave	165	165
<b>387</b>	<b>1,860</b>	<b>Total Employee Provisions</b>	<b>440</b>	<b>1,848</b>
<b>Made up of:</b>				
228	1,701	Current Portion of Employee Provisions	275	1,683
159	159	Term Portion of Employee Provisions	165	165
<b>387</b>	<b>1,860</b>	<b>Total Employee Provisions</b>	<b>440</b>	<b>1,848</b>
<b>Movements For the Year</b>				
380	1,318	Opening Balance	387	1,860
173	1,410	Additional provision	232	1,202
(159)	(861)	Amount used	(179)	(1,214)
(7)	(7)	Unused amounts reversed	-	-
-	-	Changes relating to discount	-	-
<b>7</b>	<b>542</b>	<b>Net Movement for the Year</b>	<b>53</b>	<b>(12)</b>
<b>387</b>	<b>1,860</b>	<b>Closing Balance</b>	<b>440</b>	<b>1,848</b>

\* Comparatives movement by type are not available.

## 8. Inventory and Livestock

2003/04			2004/05		
Council	Consolidated		Council	Consolidated	
\$000's	\$000's		\$000's	\$000's	
-	48	Fuel and Oil	-	55	
3	3	Livestock	4	4	
17	1,000	Material Stocks	10	1,021	
3	2	Resale Items	3	3	
<b>23</b>	<b>1,053</b>	<b>Total Inventory and Livestock</b>	<b>17</b>	<b>1,083</b>	

## 9. Term Loans

### Interest Rates

Council's overall interest rate paid on Council's loans was approximately 6.36% p.a. Loans for the 2004/05 year were between 6.2% and 6.67% on an average balance of \$10.0 million.

(In 2003/04 the interest rates paid had a weighted average of approximately 6.76%, on an average balance of \$6.25 million ranging between 6.2% and 7.15%.)

Infracon Limited's Term Loans interest rate averaged 8.12% for the year ended 30 June 2005 (2004, 8.12%) and Credit Facility 8.04% (2004, 8.04%)

Respective fixed rate loans cost 8.29% and 7.86% for 2005 (8.29% and 7.86% for 2004).

Tararua Aquatic Community Trust advance interest rate averaged 7% for the year ended 30 June 2005 (2004 7%).

### Security

Council Term loans are secured by special rates over the rateable land value of the Tararua District.

Infracon Limited's committed cash facility is secured by a First Registered Debenture held by the Bank of New Zealand over all assets and undertakings of the Company and a registered first mortgage over 17-hectare farm and quarry Mangamaire Road, Pahiatua.

2003/04			2004/05		
Council	Consolidated		Council	Consolidated	
\$000's	\$000's		\$000's	\$000's	
5,005	6,730	Opening term loans	10,000	12,614	
7,000	8,526	Loans raised during the year	-	1,961	
<b>12,005</b>	<b>15,256</b>		<b>10,000</b>	<b>14,575</b>	
(2,005)	(2,642)	Loan repayments during the year	-	(662)	
<b>10,000</b>	<b>12,614</b>	<b>Total term loans</b>	<b>10,000</b>	<b>13,913</b>	
-	696	Current Portion of Term Loans (including Term Loans [Secured])	-	708	
10,000	11,918	Non-Current Portion of Term Loans	10,000	13,205	
<b>10,000</b>	<b>12,614</b>		<b>10,000</b>	<b>13,913</b>	

## Consolidated Notes to Financial Statements continued...

### 9. Term Loans (continued)

Council Interest	Council Principal	Consolidated Principal	Repayment Terms	Council Interest	Council Principal	Consolidated Principal
636	-	696	Within one year	636	-	708
636	-	696	One to two years	636	-	708
636	-	696	Two to three years	434	5,000	7,497
434	5,000	5,526	Three to four years	233	5,000	4,999
233	5,000	5,000	Four to five years	-	-	-
-	-	-	Beyond five years	-	-	-
<b>2,575</b>	<b>10,000</b>	<b>12,614</b>		<b>1,939</b>	<b>10,000</b>	<b>13,912</b>

The \$5 million of loans (excluding Rural Housing loans) will require refinancing according to Council policy. This requires that the repayment of debt be funded for repayment over a 20 year period.

#### Council's term loans relate to the following areas:

5,000	5,000	Investment Loans in TDC Holdings Limited	5,000	5,000
5,000	5,000	Capital Expenditure Loans	5,000	5,000
-	2,614	Infracon Limited	-	3,912
<b>10,000</b>	<b>12,614</b>		<b>10,000</b>	<b>13,912</b>

The funds released from the establishment of TDC Holdings Limited through \$5 million Holding Company Loans has been used internally to refinance existing debt and pay for approved capital works programmes. This strictly follows the Inland Revenue Departments' Binding Ruling on the tax deductibility of the loan.

The funds have been applied internally to Council as follows:

2003/04 Council \$000's	Internal Funding	2004/05 Council \$000's
1	Animal Control	1
1	Building Control	1
63	Cemeteries	58
14	Civil Defence & Disaster Recovery	13
462	Community Buildings	434
162	District	134
929	Footpaths	886
9	General Inspection/Liquor Licensing	9
1	Health Control	1
255	Property/Parks & Reserves	267
149	Public Conveniences	141
166	Libraries	143
3	Resource Management	3
1,071	Roading	994
12	Rural Fire Protection	12
26	Service Centres	26
4,759	Sewerage	4,537
943	Stormwater and Drainage	1,197
61	Swimming Pools	56
167	Waste Management	149
1,176	Water Supply	1,128
<b>10,430</b>		<b>10,190</b>
	<b>Funded from:</b>	
430	Special Funds Cash Internal Funding	190
5,000	Investment Loans in TDC Holdings Limited	5,000
5,000	Capital Expenditure Loans	5,000
<b>10,430</b>		<b>10,190</b>
	<b>Movement of Internal Loans</b>	
6,652	Opening Balance of Internal Loans	10,430
4,583	Plus loan funding of capital items	577
(805)	Less loan repayments (as funded)	(817)
<b>10,430</b>	<b>Closing Balance of Internal Loans</b>	<b>10,190</b>

## 10. Equity

### Summary of Equity Movements - a supplementary explanation to the Statement of Movements in Equity.

	Council Accumulated Funds \$000's	Council Asset Rev. Res. \$000's	Council Special Funds \$000's	Council Trusts \$000's	Council Total \$000's	Consolidated \$000's
Equity at start of the year	370,607	196,261	7,365	121	574,354	585,192
Net surplus/(deficit) for the period	(986)	-	-	-	(986)	(89)
Prior Year Recognition of Landfill Closure Costs	-	-	-	-	-	-
Less Dividend Declared	-	-	-	-	-	(180)
Increases/(decreases) from revaluation	-	24,714	-	-	24,714	26,082
<b>Change in Equity for the year before transfers of equity reserves</b>	<b>(986)</b>	<b>24,714</b>	<b>-</b>	<b>-</b>	<b>23,728</b>	<b>25,813</b>

#### Transfers between equity reserves:

Appropriation from Accum. Funds to Special Funds	(1,475)	-	1,475	-	-	-
Appropriation to Accum. Funds from Trust Funds	90	-	-	(90)	-	-
Transfers from Reserves to Accum. Funds	647	(647)	-	-	-	-
<b>Total Change in Equity for the Period</b>	<b>(1,724)</b>	<b>24,067</b>	<b>1,475</b>	<b>(90)</b>	<b>23,728</b>	<b>25,813</b>

#### Closing Equity at 30 June 2005

Parent Financial Interest	368,883	220,328	8,840	31	598,082	605,968
Minority Interest	-	-	-	-	-	5,037
<b>Equity at end of the year</b>	<b>368,883</b>	<b>220,328</b>	<b>8,840</b>	<b>31</b>	<b>598,082</b>	<b>611,005</b>

## Consolidated Notes to Financial Statements continued...

### 11. Revaluation Reserves

	Balance 1-Jul-04 \$000's	Revaluation changes \$000's	Disposals/ Value. Adjust \$000's	Balance 30-Jun-05 \$000's
<b>Council Revaluation Reserves</b>				
Fixed Assets Revaluation Reserves				
Operational: Land	2,514	-	-	2,514
Operational: Buildings	1,737	-	-	1,737
Operational: Motor Vehicles	34	-	11	45
Operational: Plant & Equipment	11	-	(3)	8
Reserves: Cemetery	651	-	46	697
Reserves: Parks and Reserves	387	-	-	387
Reserves: Roading	165	-	(60)	105
Reserves: Sundry	29	-	-	29
Reserves: War Memorials	159	-	-	159
Roading Network	172,626	21,328	(641)	193,313
Roading Land	3,143	1,145	-	4,288
Bridges and Culverts	10,139	2,241	-	12,380
Stormwater	187	-	-	187
Water Network	3,769	-	-	3,769
Wastewater	710	-	-	710
<b>Total Revaluation Reserves - Council</b>	<b>196,261</b>	<b>24,714</b>	<b>(647)</b>	<b>220,328</b>
<b>Consolidated Revaluation Reserves</b>				
<b>Fixed Assets Revaluation Reserves</b>				
Fixed Assets Revaluation Reserves - Council	196,261	24,714	(647)	220,328
Fixed Assets Revaluation Reserves - Other Entities	-	1,368	-	1,368
<b>Total Fixed Assets Revaluation Reserves</b>	<b>196,261</b>	<b>26,082</b>	<b>(647)</b>	<b>221,696</b>
Less Minority Interests	-	(465)	-	(465)
<b>Total Share Revaluation Reserve</b>	<b>-</b>	<b>(465)</b>	<b>-</b>	<b>(465)</b>
<b>Total Revaluation Reserves - Consolidated</b>	<b>196,261</b>	<b>25,617</b>	<b>(647)</b>	<b>221,231</b>

## 12. Special Funded Reserves

Special Funds are those funds, or reserves, which Council has established by resolutions, the terms of which restrict the use of the funds. Each fund has been set up as a separate account to maintain a degree of independence from Council's General Funds.

	Balance 1-Jul-04 \$000's	Transfers In \$000's	Transfers Out \$000's	Transfer Interest In \$000's	Balance 30-Jun-05 \$000's
Tararua General Purpose	709	5	(125)	36	625
Tararua Land Sub-division and Development	3	-	-	-	3
Council Depreciation	3,614	7,585	(6,180)	212	5,231
Tararua Emergency Roading	1,500	50	(50)	76	1,576
Tararua Gratuity	315	-	(132)	16	199
Tararua Housing	88	123	(328)	4	(113)
Dannevirke Airport Authority	54	-	(9)	3	48
Eketahuna Cemetery	36	-	-	2	38
Pahiatua Borough Lawn Cemetery	8	-	-	-	8
Makuri Water Scheme	5	-	-	-	5
Recreation Grant	147	20	(15)	8	160
Tenant Contribution (Debt Repayment)	349	-	-	18	367
Pongaroa Water Supply Depreciation	46	10	-	3	59
Historic Reserve	8	20	(3)	1	26
Consultancy Depreciation	100	74	(40)	5	139
Consultancy General	110	44	-	6	160
Biodiversity Protection	9	22	-	1	32
Election	-	31	(32)	1	-
Domain Boards Bank Balances	264	404	(391)	-	277
<b>Total Council</b>	<b>7,365</b>	<b>8,388</b>	<b>(7,305)</b>	<b>392</b>	<b>8,840</b>

### Summary of Special Fund Movements

	Balance 1-Jul-04 \$000's	Net transfer to/(from) Accumulated Funds \$000's	Balance 30-Jun-05 \$000's
<b>Total Council</b>	<b>7,365</b>	<b>1,475</b>	<b>8,840</b>

## Consolidated Notes to Financial Statements continued...

### 13. Trust Accounts

Trust Accounts are funds held by Council on behalf of external parties. Trust Accounts are treated as part of Council's Equity in line with Financial Reporting Standard 2 and the Statement of Concepts of the Institute of Chartered Accountants of New Zealand.

	Balance 1-Jul-04 \$000's	Funds Received \$000's	Expenses Paid \$000's	Interest Earned \$000's	Balance 30-Jun-05 \$000's
Dannevirke Fairbrother	3	-	(3)	-	-
Dannevirke Urban Campsite	1	-	-	-	1
Ormondville Play Group	1	-	-	-	1
Pahiatua Heritage	15	(1)	-	1	15
Arts Council of NZ	-	17	(11)	-	6
Mayoral Storm Relief Fund	101	380	(476)	3	8
<b>Total Council</b>	<b>121</b>	<b>396</b>	<b>(490)</b>	<b>4</b>	<b>31</b>

### Summary of Trust Fund Movements

	Balance 1-Jul-04 \$000's	Net transfer to/(from) Accumulated Funds \$000's	Balance 30-Jun-05 \$000's
<b>Total Council</b>	<b>121</b>	<b>(90)</b>	<b>31</b>

#### 14. Valuation Items and Gains & Losses on Disposals Adding to Net Surplus in Statement of Financial Performance

2003/04 Council \$000's		2004/05 Council \$000's
	<b>Assets Introduced:</b>	
3,576	Road Length Adjustments	-
1,350	Underpasses	-
<b>4,926</b>		<b>-</b>
	<b>Less Duplicate Assets:</b>	
(89)	Buildings	-
	<b>Less Reductions for Assets Now Renewed:</b>	
(25)	Parks & Reserves	-
(879)	Roading Network	-
(14)	Bridges & Large Culverts	-
(41)	Water Supply	(2)
(30)	Sewerage Network	-
(43)	Stormwater Network	-
(78)	Buildings & Land	-
-	Streetlights	(397)
(26)	Other Activities	-
<b>(1,136)</b>		<b>(399)</b>
	<b>Less Net (Losses) and Gains on disposal of Assets:</b>	
6	Buildings	(2)
1	Computer Equipment	1
92	Land	3
(14)	Library Books	-
(5)	Motor Vehicles	23
1	Plant & Machinery	(3)
(1)	Road Reserves	(74)
(15)	Parks & Reserves	-
(881)	Roading Network	(1,497)
(41)	Sewerage	(23)
(10)	War Memorials	-
(29)	Water	(1)
<b>(896)</b>		<b>(1,573)</b>
<b>5,699</b>	<b>Net increase/(decrease) in assets due to revaluation and Loss on disposals</b>	<b>(1,972)</b>

## Consolidated Notes to Financial Statements continued...

### 15. Cost of Services Operating Expenditure Including all Depreciation

The following reports the effect of actual depreciation on reporting Council's activities.

Accounting for asset value changes in local government frequently distorts the ability to report on operational results.

This is because of the magnitude of Council asset values when compared with Council revenue, which is an effect of having expensive infrastructure assets that last a long time.

This means that only small changes in asset values can create large effects when reporting operating results.

Hence it is preferred to show these changes in a note rather than make it difficult to understand Council's general performance in the cost of services statements.

The depreciation changes were in the following classes of assets:

Asset Class	2004/05 \$000's Actual Depreciation	2004/05 \$000's Plan Depreciation	2004/05 \$000's Variance More/(Less)
Buildings	522	510	12
Computer Hardware	103	126	(23)
Computer Software	35	58	(23)
Furniture & Fittings	55	49	6
Library Books	86	71	15
Motor Vehicles	106	107	(1)
Plant	53	56	(3)
Sewerage Schemes	381	363	18
Solid Waste	26	21	5
Stormwater	58	61	(3)
Swimming Pools	7	6	1
Water Supplies	414	412	2
Bridges	993	943	50
Roads	3,772	3,570	202
Street Lights	32	27	5
<b>Total</b>	<b>6,643</b>	<b>6,380</b>	<b>263</b>

\* Plan Depreciation includes depreciation on support activities of \$293,000.

Change in depreciation explained by goal and activity:

	2004/05 Actual \$000's Expenditure as reported (Planned Depreciation)	2004/05 Actual \$000's Additional Depreciation	2004/05 Actual \$000's Expenditure Total	2004/05 Plan \$000's Expenditure
<b>Leadership</b>				
Local Government Representation	993	(7)	986	944
	<b>993</b>	<b>(7)</b>	<b>986</b>	<b>944</b>
<b>Building Communities</b>				
Cemeteries	235	(1)	234	272
Community Buildings	389	14	403	402
Community Support	368	(1)	367	410
Community Support - Storm Relief	921	-	921	-
Emergency Management	366	(5)	361	403
Footpaths	280	50	330	285
Housing	357	5	362	359
Libraries	492	13	505	547
Parks & Reserves (includes Camping Grounds)	633	(3)	630	655
Parks & Reserves - Domain Boards	183	-	183	164
Public Conveniences	137	(3)	134	137
Service Centres	315	(1)	314	335
Swimming Pools	315	(1)	314	324
	<b>4,991</b>	<b>67</b>	<b>5,058</b>	<b>4,293</b>

	2004/05 Actual \$000's Expenditure as reported (Planned Depreciation)	2004/05 Actual \$000's Additional Depreciation	2004/05 Actual \$000's Expenditure Total	2004/05 Plan \$000's Expenditure
<b>Supporting the Economy</b>				
Commercial Property (Includes Dannevirke Aerodrome)	90	(1)	89	102
Economic Development	258	(2)	256	397
Roading	17,259	199	17,458	13,770
I-Site	121	-	121	127
	<b>17,728</b>	<b>196</b>	<b>17,924</b>	<b>14,395</b>
<b>Protecting the Environment</b>				
General Inspection & Liquor Licensing	181	(1)	180	187
Environmental Health	101	(2)	99	105
Animal Control	135	-	135	122
Building Control	200	(1)	199	204
Resource Management	226	(1)	225	221
Sewerage	1,358	14	1,372	1,241
Stormwater/Drainage	293	(4)	289	294
Waste Management	747	3	750	754
Water Supplies	1,120	(1)	1,119	1,136
Water Supplies - Pongaroa	49	-	49	44
	<b>4,410</b>	<b>7</b>	<b>4,417</b>	<b>4,308</b>
<b>Total</b>	<b>28,122</b>	<b>263</b>	<b>28,385</b>	<b>23,940</b>

## Consolidated Notes to Financial Statements continued...

### 16. Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

2003/04 Council \$000's	Consolidated \$000's		2004/05 Council \$000's	Consolidated \$000's
5,219	5,326	Reported Surplus/(Deficit) from Statement of Financial Performance	(987)	(89)
<b>Add (less) non cash items</b>				
6,142	7,653	Depreciation	6,643	8,436
-	(219)	(Increase)/Decrease Deferred Taxation	-	675
(3,576)	(3,576)	Asset Revaluation Increments	-	-
(1,350)	(1,350)	Assets Introduced	-	-
1,225	1,225	(Gain)/Loss on Asset Devaluation/Write-offs	-	-
(329)	(262)	(Gain)/Loss on Sale of Fixed Assets	1,972	2,307
30	37	Bad Debts Written Off or Bad Debt Provision	37	39
<b>2,142</b>	<b>3,508</b>	<b>Total non cash items</b>	<b>8,652</b>	<b>11,457</b>
<b>Add/(less) movements in working capital items</b>				
1	121	(Increase)/Decrease in Inventory and Livestock	6	(31)
(1,399)	(3,024)	(Increase)/Decrease in Accounts Receivable & Prepayments	(493)	(1,396)
997	2,753	Increase/(Decrease) in Accounts Payable & Accruals	(473)	(546)
7	61	Increase/(Decrease) in Employee Provisions	53	230
(77)	(90)	(Increase)/Decrease in Net GST	(205)	(201)
<b>(471)</b>	<b>(179)</b>	<b>Total movements in working capital</b>	<b>(1,112)</b>	<b>(1,944)</b>
277	227	Add/(Less) Items classified as Investing Activities	430	433
<b>277</b>	<b>227</b>	<b>Total items classified as Investing Activities</b>	<b>430</b>	<b>433</b>
<b>7,167</b>	<b>8,882</b>	<b>Net cash surplus from operating activities</b>	<b>6,983</b>	<b>9,857</b>

## 17. Related Party Transactions

2003/04 \$000's		2004/05 \$000's
	<b>Council engaged its fully owned subsidiary, TDC Holdings Limited, to hold 66% of Infracon Limited and 100% of Tararua Forest Limited shares on its behalf</b>	
	<b>TDC Holdings Limited transacted with its Subsidiary Infracon Limited</b>	
233	Dividends payable by Infracon Limited to TDC Holdings Limited at year end (GST exc)	-
	<b>TDC Holdings Limited transacted with its Subsidiary Tararua Forests Limited</b>	
4	Charges made to Tararua Forests Limited by TDC Holdings Limited during the year (GST exc)	4
4	Amounts owing to TDC Holdings Limited by Tararua Forests Limited at year end (GST inc)	4
50	Dividends paid to TDC Holdings Limited by Tararua Forests Limited during the year (GST exc)	-
	<b>TDC Holdings Limited transacted with its Parent Tararua District Council</b>	
36	Charges made to Tararua District Council by TDC Holdings Limited during the year (GST exc)	36
3	Charges made to TDC Holdings Limited by Tararua District Council during the year (GST exc)	5
198	Dividends paid to Tararua District Council by TDC Holdings Limited during the year (GST exc)	283
41	Amounts owing to TDC Holdings Limited by Tararua District Council at year end (GST inc)	41
4	Amounts owing to Tararua District Council by TDC Holdings Limited at year end (GST inc)	6
	<b>Council engaged its 66% owned (via TDC Holdings Limited) subsidiary, Infracon Limited, to maintain roading and other facilities and services</b>	
10,041	Charges made to Council by Infracon Limited during the period (GST exc)	11,621
82	Charges made and Rates to Infracon Limited by Council during the period (GST exc)	86
8	Amounts owing to Council by Infracon Limited at year end (GST inc)	4
117	Subvention Payment owing to Tararua District Council by Infracon Limited at year end (GST exc)	107
244	Amounts owing to Infracon Limited by Council at year end as contract retentions (GST inc)	341
70	Amounts owing to Infracon Limited by Council at year end -provision for ex employee retirement (GST exc)	70
953	Amounts owing to Infracon Limited by Council at year end (GST inc)	1,269
	<b>Council engaged its fully owned subsidiary (via TDC Holdings Limited) Tararua Forests Limited to maintain forests</b>	
5	Charges made and Rates to Tararua Forests Limited by Council during the period (GST exc)	6
	<b>Council was settlor, guarantor and received funds from the Tararua District Library Trust. The Trust was in the process of being wound up during 2003/04.</b>	
9	Income of the Trust provided by the Council (GST exc)	-
483	Income of the Council provided by the Trust (GST exc)	-
650	Council purchased assets off the Trust (GST exc)	-
5	Long Service Leave transferred to Council	-
	<b>Council is settlor of the Tararua Aquatic Community Trust</b>	
120	Income of the Trust provided by the Council (GST exc)	160
3	Income of the Council provided by the Trust (GST exc)	1
-	<b>Related party transactions involving Elected Members</b>	-

## Consolidated Notes to Financial Statements continued...

2003/04 \$000's		2004/05 \$000's
	<b>Related party transactions involving Directors and Trustees</b>	
	Infracon Limited contracted with certain directors of Infracon Limited.	
	These transactions involved providing contracting services to directors or entering into a subcontractor relationship whereby a director provided services to Infracon Limited. All transactions were at normal commercial rates.	
3	I L Manderson (contracting services provided by Infracon Limited)	11
326	P Burne (Morris & Bailey Ltd, contracting services provided by Infracon Limited)	133
389	P Burne (Morris & Bailey Ltd, provided services to Infracon Limited)	831
-	R J Trotter	6
	<b>At 30 June 2005:</b>	
24	Infracon Limited owed to Morris & Bailey	106
29	Infracon Limited owed by Morris & Bailey	19
2	Tararua Forests Limited (TFL) has a Management Consultant Contract with TW Castles (Director of TFL). This contract covers managerial duties carried out by Mr Castles. Mr Castles was paid \$ for 2005. (2004 : \$1,610)	-
2	I McKenzie who is a Trustee of Tararua Aquatic Community Trust is a Partner of Holloway and Irwin which supplies the Trust with accounting and financial services.	-
	TDC Holdings Limited had no related party transactions involving Directors.	

### 18. Financial Instruments

#### Council General Disclosure

Council has no financial instruments other than those disclosed elsewhere in the financial statements except for a Stand-by loan facility of \$5,000,000 to be used, if required, in the event of a natural disaster, and a bank overdraft facility of \$500,000.

#### Credit Risk

In the normal course of its activities, the Council incurs credit risk from debtors and financial institutions. There are no significant concentrations of credit risk except that Council's cash resources are held by four trading banks. The Council does not require collateral to support financial instruments

#### Fair Value

The carrying amounts as disclosed in the financial statements reflect the estimated fair value of financial instruments.

#### Currency and Interest Rate Risk

The Council has no foreign exchange exposure. All term debt is at fixed interest rates.

On-call deposits earn interest at a floating rate set by the trading banks concerned.

#### TDC Holdings Limited General Disclosure

TDC Holdings Limited has no financial instruments other than those disclosed elsewhere in the financial statements.

#### Credit Risk

In the normal course of its activities, the Company incurs credit risk from debtors and financial institutions. There are no significant concentrations of credit risk except cash resources that are held by its trading bank. The Company does not require collateral to support financial instruments.

#### Fair Value

The carrying amounts as disclosed in the financial statements reflect the estimated fair value of financial instruments.

The interest rate on short-term investments was 5.6% ( 2004: 5.0%).

### **Currency and Interest Rate Risk**

The Company has no foreign exchange exposure.

On-call deposits earn interest at a floating rate set by the trading banks concerned.

### **Infracon Limited General Disclosure**

Infracon Limited has a series of policies providing risk management for interest rates, operating and capital expenditures and the concentration of credit.

#### **Credit Risk**

Financial instruments, which potentially subject the company to concentrations of risk, consist principally of cash and short term investments, trade receivables and various off balance sheet instruments (if any).

The company places its cash and short term investments with high credit quality institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on the Tararua & Central Hawkes Bay District Councils for over 48% of Infracon Limited's revenue. However, the District Councils are high credit quality entities.

#### **Fair Value**

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and bank overdraft – the carrying amount of cash and bank overdraft balances is equivalent to their fair value.

Short-term investments – For the purpose of compliance with generally accepted accounting practice, the carrying amount of all short term

investments are stated at the lower of cost or market value. The fair value of short-term investments is estimated based on quoted market prices for those instruments at balance date.

Long term debt – The fair value of long term debt is estimated based on current market interest rates available to the company for debt of similar maturities.

Infracon Limited believes that the carrying amounts for financial instruments shown in the annual accounts represent their fair values.

Committed cash facilities are secured over the assets of the Company by a First Registered Debenture held by the Bank of New Zealand.

#### **Interest Rate Risk**

There are no interest rate options or interest rate swap agreements in place as at 30 June 2005 (2004 No agreements in place).

## Consolidated Notes to Financial Statements continued...

### 19. Contingent Liabilities

Council is aware of the following contingent liabilities existing at year end

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
		A claim for \$100,000 was made against Council for the sale of Council land on the outskirts of Woodville.		
150	150	This legal action against Council was unsuccessful.	-	-
521	521	Accumulated employee sick pay not payable unless employees become ill.	499	499
43	-	When Tararua Roothing Limited (Now Infracon Limited) was formed, Council retained some associated contingent liabilities for sick leave.	43	-
-	2,625	Performance bonds held by the bank, by way of guarantees	-	3,562
		The Council has undertaken to guarantee loan accounts of various organisations in accordance with its policy on such matters. Guarantees in force at 30 June 2005 are as follows:		
9	9	Akitio Local Committee - Loan Guarantee	3	3
<b>723</b>	<b>3,305</b>	<b>Total Contingent Liabilities</b>	<b>545</b>	<b>4,064</b>

### 20. Taxation

2003/04			2004/05	
Council * \$000's	Consolidated * \$000's		Council \$000's	Consolidated \$000's
		<b>INCOME TAX EXPENSE</b>		
5,219	5,613	Operating surplus/(deficit) before income tax	(986)	458
1,722	1,852	Prima Facie Tax @ 33%	(326)	151
		<b>Tax Effect of Permanent differences:</b>		
(1,705)	(1,462)	Non-assessable Income	393	348
-	(77)	Non-deductible expenditure	-	8
79	-	Group Loss offset	72	-
-	(58)	Deferred Tax Adjustment	-	(7)
2	32	Recognition of tax effect of losses: Net additional/or (use) of losses	3	47
(98)	-	Imputation Credits attached to dividends received	(142)	-
-	<b>287</b>	<b>Total income tax expense</b>	-	<b>547</b>
		<b>Taxation is Represented By:</b>		
-	506	Current Taxation	-	(128)
-	(219)	Deferred Taxation	-	675
-	<b>287</b>	<b>Total income tax expense</b>	-	<b>547</b>
		<b>Deferred Taxation Movement:</b>		
-	1,727	Opening Balance	-	1,508
-	(219)	Current Year Movements	-	675
-	<b>1,508</b>	<b>Closing Balance of Deferred Tax</b>	-	<b>2,183</b>

2003/04			2004/05	
\$000's	\$000's		\$000's	\$000's
Losses	Tax Effect		Losses	Tax Effect
<b>Council and its subsidiaries qualify as a group of companies for tax purposes &amp; transfer losses:</b>				
117	39	Subvention Payment (Infracon Ltd Pays Council: Taxable Revenue in Council; Expense in Infracon)	107	35
238	79	Loss Offset (Losses transferred to Infracon Ltd from Council)	218	72
<b>355</b>	<b>118</b>		<b>325</b>	<b>107</b>
<b>Losses</b>	<b>Tax Benefit</b>		<b>Losses</b>	<b>Tax Benefit</b>
<b>Losses to Carry Forward (unrecognised tax losses) for Tax Group:</b>				
29	9	Council	21	6
174	57	Tararua Forests Limited	274	90
<b>203</b>	<b>66</b>	<b>(Infracon Limited has no losses to carry forward)</b>	<b>295</b>	<b>96</b>
<b>Council</b>	<b>Consolidated</b>		<b>Council</b>	<b>Consolidated</b>
<b>Imputation Credit Account:</b>				
-	871	Opening Balance at Start of Year	-	1,023
-	122	Imputation credits attaching to dividends received during the year	-	-
-	(271)	Imputation credits attaching to dividends paid during the year	-	(175)
-	302	Income tax payments during the year	-	820
-	(4)	Income tax refunds received	-	-
-	3	Resident withholding tax paid	-	1
-	<b>1,023</b>	<b>Closing Balance End of Year</b>	-	<b>1,669</b>

## Consolidated Notes to Financial Statements continued...

### 21. Post Balance Date Events

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
15	15	No post balance date events occurred up to the date of the report adoption that are known to have a material affect on the Financial Statements and Notes to the Financial Statements of Council.	-	-

### 22. Additional Disclosures

2003/04			2005
Council \$000's			Council \$000's
Disclosures as required by Schedule 10 Part 3 of the Local Government Act 2002:			
-		Severance Payments	-
118		Contributions to other Organisations	170

Disclosures as required by FRS 9 - Information to be Disclosed in Financial Statements and FRS 3 - Accounting for Property Plant and Equipment:

2003/04			2004/05	
Council \$000's	Consolidated \$000's		Council \$000's	Consolidated \$000's
68	130	Audit Fees	70	116
-	-	Other Fees Paid to Principal Auditors	-	-
262	445	Governance & Directors Fees	251	417
30	37	Bad Debts Written Off	36	39
7	7	Increase/(decrease) in Provision for Doubtful Debts	1	1
3	244	Rental & Operating Leases	-	246
423	648	Interest Expense	639	975
(456)	(466)	Interest Revenue	(809)	(815)
(199)	(1)	Dividend Revenue	(289)	(5)
(117)	-	Subvention Income	(107)	-
6,142	7,653	Depreciation*	6,643	8,436

\*Depreciation Breakdown See Note 4

## 23. Remuneration

During the year to 30 June 2005, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, other Councillors, and the Chief Executive of the Council were as follows:

2003/04 \$000's		2004/05 \$000's
55	M E Reynolds, Mayor	62
	Councillors	
17	Jim Crispin	4
5	Warren Davidson	19
15	Bill Keltie	17
24	David Lea	28
9	Shaun Lissington	-
17	Claire Matthews	18
13	Koro Mullins	16
16	David Roberts	18
15	Judy Swenson	17
-	Christopher Southgate	13
	Community Boards	
5	Shirley Aitken	2
-	Tom Cradock	2
3	Nigel Ensor	3
3	Vaughan Hales	1
3	Vikki Johanson	1
-	Margaret Leen	2
3	Lynne Simmons	-
3	Colin Thew	5
3	Cynthia Cass	1
5	Graeme Franklin	1
3	Clinton Gunn	1
3	Elizabeth Prentice	1
3	Adrienne Wake	1
3	Roselynn Waldman	1
3	Peter Best	3
5	Max Cooper	2
3	Charlie Death	3
3	Biddy Fraser-Davies	3
3	John Harman	5
3	Francine Ramsay	1
166	Roger Twentyman, Chief Executive	166
The total remuneration figures also include the value of any non-financial benefits.		
<b>412</b>	<b>Total cost of remuneration package</b>	<b>417</b>

For the year ended 30 June 2005 the total annual cost, to Tararua District Council of the remuneration package received by the Chief Executive is calculated at \$166,201 (30 June 2004 \$165,737).

## Consolidated Notes to Financial Statements continued...

### 24. Provision for Landfill Aftercare

During the year Council applied financial reporting standard FRS-15 Provisions, Contingent Liabilities and Contingent Assets in relation to Landfill post-closure costs to its financial statements. The Council as operator and past-operator of six landfills, has a legal obligation under the various resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure.

A provision for post-closure costs is recognised as a liability when the obligation for post-closure cash flows arise.

The closure date of the landfills is the lesser of estimated life or the end of current resource consents to operate the landfill.

The cash outflows for landfill post-closure costs are expected to occur over the next 35 years. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account known future technology and is discounted using a discount rate of 5.0%.

2003/04		Opening Date	Closure Date	After Care Until	2004/05		
Council \$000's	Consolidated \$000's				Council \$000's	Consolidated \$000's	
36	36	Woodville Landfill	1960	1997	2027	35	35
44	44	Pahiatua Landfill	1973	2010	2040	46	46
44	44	Ormondville Landfill	1963	2000	2030	43	43
57	57	Eketahuna Landfill	1971	2008	2038	60	60
48	48	Pongaroa Landfill	1973	2010	2040	51	51
56	56	Dannevirke Landfill	1973	2010	2040	59	59
<b>285</b>	<b>285</b>	<b>Total Landfill Liability</b>				<b>294</b>	<b>294</b>

		Carrying Amt B/F \$000's	Provision Made Over the Period \$000's	Amount Used \$000's	Balance \$000's
36	Woodville Landfill	36	(1)	-	35
44	Pahiatua Landfill	44	2	-	46
44	Ormondville Landfill	44	(1)	-	43
57	Eketahuna Landfill	57	3	-	60
48	Pongaroa Landfill	48	3	-	51
56	Dannevirke Landfill	56	3	-	59
<b>285</b>	<b>Total Landfill Liability</b>	<b>285</b>	<b>9</b>	<b>-</b>	<b>294</b>

## 25. Major Budget Variations

Explanations for major budget variations from the Council's budget figures in the 2004/05 Annual Plan are as follows:

	<b>2004/05 Favourable/ (Unfavourable) \$000's</b>
<b>Statement of Financial Performance - Revenue</b>	
<b>Interest, Dividends &amp; Subventions</b>	330
This was due to higher interest rates on investments than expected, as well as expenditure occurring later than expected. Also a dividend from TDC Holdings Ltd was not planned for.	
<b>Grants and Subsidies</b>	3,440
The transfund subsidies were higher than budgetted for mainly due to greater than expected costs for storm damage than budgetted for relief for storm damage received from the Dept of Internal Affairs.	
<b>Fees and Charges</b>	219
Higher than expected fees were received by solid waste fees (\$51k), sewerage trade waste (\$35k), building consents (\$26k), dog registration (\$27k), election recoveries (\$22k). These increases are mainly due to an increase in economic activity in the district.	
<b>Miscellaneous Revenue</b>	546
This is mainly due to donations received into the mayoral relief fund for storm damage (\$457k) and revenue from the domain boards (\$97k).	
<b>Statement of Financial Performance - Expenses</b>	
<b>Building Communities</b>	(698)
A major variance here is the storm relief extra expenses of \$921k.	
<b>Supporting the Economy</b>	(3,333)
The main cause of this variation is the large unplanned expense which was carried out on roading because of the storm damage. This was mainly expensed through the statement of performance and was carried out in place of renewals which would have been capitalised. Economic development was under spent by \$138k, which was earmarked for the "Go" project which will be undertaken in the 2005/06 financial year.	
<b>Protecting the Environment</b>	(102)
This variance was caused by extra expenses which were carried out on the Dannevirke sewerage plant.	
<b>Leadership</b>	(49)
This variance was caused mainly by higher than planned for remuneration and other routine expenses in the election process and in local government representation.	
<b>Statement of Financial Position</b>	
<b>Cash &amp; Bank</b>	4,513
Operating funds have increased by \$1.3m over budget. This is due to funds raised for projects, but not used in the prior year. Special funds make up the majority of the increase. However this figure is derived from actual data in the 2002/03 year, and at that time it was expected that special funds would decrease by \$0.26m from \$5.121m. In fact, special funds increased by \$2.8m on the plan figure. This was mainly due to money tagged for roading, which was not used due to work being carried out on storm damage. The latter attracted a high subsidy, so the extra money was put in special funds where it is expected to be used in future years to carry out the roading work which was deferred.	
<b>Accounts Receivable</b>	1,892
The plan figure of \$2.89m is based on the actual figure of 2002/03. This figure is very much dependent on the size of roading subsidy from transfund. In 2002/03 the claim was much smaller (\$0.56m) than in 2004/05 (\$1.42m).	
<b>Fixed Assets</b>	58,842
These have increased over budget, mainly due to revaluations which could not have been predicted when the plan was produced.	
	<b>65,600</b>

## Consolidated Notes to Financial Statements continued...

### 26. Annual Plan Notes

The Annual Plan Rates Revenue has been amended to eliminate internal rates and include an elimination of \$109,000.

### 27. Rates Revenue

Revenue is shown net of rates remissions and non rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates or other rates. Council remits other rates according to its remission policies as described below.

2003/04 Council \$000's		2004/05 Council \$000's	
11,949	Gross Rates Revenue	12,256	
(64)	Less Remissions for Uniform Annual General Charges	(95)	
(64)	Less Remissions for School (Educational Establishment) Sewerage Rates*	-	
(71)	Discount **	-	
11,750		12,161	
(109)	Less Internal Rates	-	
<b>11,641</b>	<b>Rates Revenue -Per Statement of Financial Performance</b>	<b>12,161</b>	

\*A Remissions for School (Educational Establishment) Sewerage Rates was treated as an organisational cost and totalled (\$68,000).

\*\*A discount of 5% Discount for Early Payment was treated as an organisational cost and totalled (\$87,000).

\$472,000 was received as Government grants to provide rate remissions to income affected properties following the February 2004 Storm. The revenue and expenditure is reported in the activity Community Support in addition to the Mayoral Relief funds received and released of \$448,000.

### 28. Disclosure on Impact of the 2003/04 Storm Events

Four main storm events affected the Tararua District in the 2003 and 2004 years. The first was in September 2003 followed by the severe event of February 2004 that resulted in the declaration of a Regional Civil Emergency, and then compounding events in March 2004 and August 2004.

The Council response in 2003/04 financial year was focussed on response and recovery. The focus was on the initial civil emergency response.

The main Council services and assets affected by the storm were roading, water, sewerage and landfills. The latter three services were reinstated relatively quickly.

Disclosure on Government Assistance For the February 2004 Storm Event

During the year Council received funding from the Department of Internal Affairs of \$321,907 exc GST (2004 \$149,696) for the purposes of providing rating remissions to properties in the District whose income had been significantly affected by the February 2004 storm event.

The Council along with other councils that received funding during the 2004 and 2005 years completed a plan to ensure consistency amongst councils to the granting of rates remissions.

It is noted that the money allocated to Council to remit rates was paid out during the year to 30 June 2005 and amounted to \$471,603 (2004 Nil).

The money was fully released to those eligible ratepayers by year end so there is no outstanding liability for the funds received at year end.

## 29. Disclosure of intent to adopt New Zealand International Financial Reporting Standards

Under changes announced by the Accounting Standards Review Board (ASRB) in December 2002, New Zealand is replacing its current Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs) with New Zealand International Financial Reporting

Standards (NZIFRSs) and New Zealand International Accounting Standards (NZIASs).

The purpose of this disclosure is to inform readers of Council's intention to adopt the new standards in the coming 2005/06 year. New Zealand have 3 years in which to adopt the change, beginning in 2005.

NZIFRS will affect the following primary financial statements:

- Statement of Financial Position
- Statement of Financial Performance
- Statement of Movements in Equity
- Statement of Cash Flows

### Note 30: Funding Requirements for the Year Ended 30 June 2005

(The following note may contain minor rounding variances to those reported elsewhere in this Annual Report.)

ACTIVITY	Year	Revenue excl Rates \$000's	Operating Expenses inc Support* excl Depn \$000's	Depreciation Expense to Reserve \$000's	Total Costs \$000's	General Support costs (included in operating expenses) \$000's	Net Cost / (Net Surplus) \$000's	Loan Repayments \$000's
District Support	Actual 2005	-	-	-	-	-	-	27
	Budget 2005	-	-	-	-	-	-	121
	Actual 2004	(962)	-	-	-	-	(962)	20
Treasury	Actual 2005	(1,045)	-	-	-	-	(1,045)	-
	Budget 2005	(755)	-	-	-	-	(755)	-
	Actual 2004	-	-	-	-	-	-	-
Asset Changes (not funded)	Actual 2005	(28)	2,000	-	2,000	-	1,972	-
	Budget 2005	-	-	-	-	-	-	-
	Actual 2004	(4,926)	1,211	-	1,211	-	(3,715)	-
Animal Control	Actual 2005	(151)	127	8	135	23	(16)	-
	Budget 2005	(120)	114	8	122	23	2	-
	Actual 2004	(118)	126	4	130	28	12	-
Commercial Property	Actual 2005	(80)	68	21	89	20	9	-
	Budget 2005	(91)	80	22	102	20	11	-
	Actual 2004	(85)	43	21	64	14	(21)	-
Buildings - Community	Actual 2005	(37)	232	171	403	60	366	28
	Budget 2005	(30)	246	156	402	60	372	28
	Actual 2004	(45)	315	164	479	79	434	28
Building Control	Actual 2005	(202)	191	8	199	48	(3)	-
	Budget 2005	(178)	195	8	203	48	26	-
	Actual 2004	(196)	161	8	169	41	(27)	-
Cemeteries	Actual 2005	(62)	229	5	234	65	172	5
	Budget 2005	(64)	266	5	271	65	208	5
	Actual 2004	(73)	255	5	260	62	187	5
Community Support	Actual 2005	(943)	1,284	3	1,287	101	344	-
	Budget 2005	(7)	406	3	409	101	403	-
	Actual 2004	(24)	315	3	318	77	295	-
Economic Development	Actual 2005	(5)	257	-	257	89	252	-
	Budget 2005	(74)	396	-	396	89	323	-
	Actual 2004	(97)	184	-	184	45	87	-
Emergency Management	Actual 2005	(32)	334	27	361	97	329	2
	Budget 2005	(45)	373	30	403	97	358	2
	Actual 2004	(21)	306	24	330	73	309	2

Development Capital Expenditure \$000's	Transfer to Reserves \$000's	Renewals Capital Expenditure \$000's	Add/ (Subtract) Items Not Requiring Funding \$000's	Loans Raised Internally \$000's	Transfer from Reserves \$000's	Transfer Loan Repayments from Reserves \$000's	Future Revenues \$000's	Adjustments Realisation of Investment \$000's	Cash Surplus (Used)/ Created \$000's	Rates 2005 \$000's
9	-	217	-	-	(226)	-	-	-	(9)	(18)
-	-	269	-	-	(373)	-	-	-	-	(17)
2	459	238	(22)	-	(149)	-	-	(200)	6	608
-	272	-	-	-	-	-	-	-	249	524
-	229	-	-	-	-	-	-	-	-	526
-	-	-	-	-	-	-	-	-	-	-
-	-	-	(1,972)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	3,715	-	-	-	-	-	-	-
-	-	2	(1)	-	(2)	-	-	-	18	(1)
-	-	6	(1)	-	(6)	-	-	-	-	(1)
7	-	11	(1)	-	(11)	-	-	-	(8)	(10)
-	-	13	(17)	-	(21)	-	-	-	15	1
10	5	16	(17)	-	(26)	-	-	-	-	1
-	3	5	(13)	-	(6)	-	-	-	14	18
7	-	90	(48)	-	(54)	(28)	-	-	(23)	(338)
-	-	52	(33)	-	(52)	(28)	-	-	-	(339)
4	-	31	(101)	-	(59)	-	-	-	(20)	(317)
-	-	-	-	-	-	-	-	-	28	(25)
-	-	-	-	-	-	-	-	-	-	(26)
-	-	15	-	-	(15)	-	-	-	49	(22)
2	2	-	(2)	-	-	-	-	-	34	(213)
-	2	3	(2)	-	(2)	-	-	-	-	(214)
2	2	-	(4)	-	-	-	-	-	26	(218)
-	49	-	-	-	-	-	-	-	35	(428)
-	41	-	-	-	(14)	-	-	-	-	(430)
-	20	-	-	-	(2)	-	-	-	57	(370)
125	-	28	-	-	(153)	-	-	-	69	(321)
-	-	12	-	-	(12)	-	-	-	-	(323)
20	-	-	-	-	-	-	-	-	221	(328)
44	-	22	3	-	(37)	-	-	-	(5)	(358)
32	-	35	(1)	-	(67)	-	-	-	-	(359)
3	-	-	(1)	-	-	-	-	-	47	(360)

Note 30: Funding Requirements for the Year Ended 30 June 2004 continued...

ACTIVITY	Year	Revenue excl Rates \$000's	Operating Expenses inc Support* excl Depn \$000's	Depreciation Expense to Reserve \$000's	Total Costs \$000's	General Support costs (included in operating expenses) \$000's	Net Cost / (Net Surplus) \$000's	Loan Repayments \$000's
<b>Environmental Health</b>	<b>Actual 2005</b>	<b>(25)</b>	<b>96</b>	<b>3</b>	<b>99</b>	<b>24</b>	<b>74</b>	-
	Budget 2005	(35)	101	4	105	24	70	-
	Actual 2004	(22)	94	2	96	23	74	-
<b>Footpaths - Urban</b>	<b>Actual 2005</b>	-	<b>123</b>	<b>207</b>	<b>330</b>	<b>14</b>	<b>330</b>	<b>125</b>
	Budget 2005	-	129	156	285	11	285	292
	Actual 2004	(9)	155	170	325	6	316	267
<b>General Inspection/ Liquor Licensing</b>	<b>Actual 2005</b>	<b>(30)</b>	<b>169</b>	<b>10</b>	<b>179</b>	<b>46</b>	<b>149</b>	-
	Budget 2005	(33)	176	11	187	46	153	-
	Actual 2004	(35)	147	10	157	36	122	1
<b>Housing</b>	<b>Actual 2005</b>	<b>(326)</b>	<b>234</b>	<b>129</b>	<b>363</b>	<b>46</b>	<b>37</b>	-
	Budget 2005	(312)	236	123	359	46	47	-
	Actual 2004	(311)	194	125	319	59	8	-
<b>I-Site</b>	<b>Actual 2005</b>	<b>(10)</b>	<b>120</b>	<b>1</b>	<b>121</b>	<b>30</b>	<b>111</b>	-
	Budget 2005	(10)	126	1	127	30	117	-
	Actual 2004	(12)	112	1	113	28	101	-
<b>Libraries (Budget has \$33k less Revenue&amp;Expense for an internal transaction)</b>	<b>Actual 2005</b>	<b>(62)</b>	<b>406</b>	<b>99</b>	<b>505</b>	<b>8</b>	<b>443</b>	<b>23</b>
	Budget 2005	(50)	428	86	514	8	464	23
	Actual 2004	(540)	413	89	502	8	(38)	17
<b>Local Government Representation</b>	<b>Actual 2005</b>	<b>(43)</b>	<b>983</b>	<b>2</b>	<b>985</b>	<b>480</b>	<b>942</b>	-
	Budget 2005	(21)	941	3	944	480	923	-
	Actual 2004	-	811	2	813	440	813	-
<b>Parks and Reserves</b>	<b>Actual 2005</b>	<b>(246)</b>	<b>716</b>	<b>97</b>	<b>813</b>	<b>173</b>	<b>567</b>	<b>17</b>
	Budget 2005	(149)	722	98	820	173	671	17
	Actual 2004	(150)	648	105	753	168	603	15
<b>Public Conveniences</b>	<b>Actual 2005</b>	<b>(1)</b>	<b>118</b>	<b>16</b>	<b>134</b>	<b>31</b>	<b>133</b>	<b>11</b>
	Budget 2005	(1)	119	19	138	31	137	11
	Actual 2004	-	116	16	132	29	132	11
<b>Resource management</b>	<b>Actual 2005</b>	<b>(57)</b>	<b>226</b>	-	<b>226</b>	<b>53</b>	<b>169</b>	-
	Budget 2005	(51)	221	-	221	53	170	-
	Actual 2004	(39)	197	-	197	47	158	-

Development Capital Expenditure	Transfer to Reserves	Renewals Capital Expenditure	Add/ (Subtract) Items Not Requiring Funding	Loans Raised Internally	Transfer from Reserves	Transfer Loan Repayments from Reserves	Future Revenues	Adjustments Realisation of Investment	Cash Surplus (Used)/ Created	Rates 2005
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
-	-	16	1	-	(16)	-	-	-	(6)	(69)
-	-	-	-	-	-	-	-	-	-	(70)
-	-	-	-	-	-	-	-	-	(22)	(52)
17	-	151	(51)	(81)	(86)	(125)	-	-	(3)	(277)
-	-	58	-	-	(232)	(125)	-	-	-	(278)
-	-	333	-	(333)	(285)	-	-	-	(27)	(271)
-	-	-	1	-	-	-	-	-	3	(153)
-	-	22	-	-	(22)	-	-	-	-	(153)
-	-	-	-	-	-	-	-	-	13	(136)
-	22	159	(6)	-	(212)	-	-	-	-	-
-	22	121	-	-	(190)	-	-	-	-	-
34	88	35	(141)	-	(24)	-	-	-	-	-
-	-	-	(1)	-	-	-	-	-	5	(115)
-	-	-	(1)	-	-	-	-	-	-	(116)
-	-	-	-	-	-	-	-	-	10	(111)
-	-	121	(14)	-	(74)	-	-	-	13	(512)
-	-	110	(1)	-	(81)	-	-	-	-	(515)
650	-	115	(13)	(184)	(70)	-	-	-	35	(512)
-	17	-	(4)	-	(32)	-	-	-	(25)	(898)
-	-	8	(4)	-	(24)	-	-	-	-	(903)
-	15	-	-	-	-	-	-	-	46	(874)
188	3	78	(62)	(29)	(53)	(15)	-	-	(86)	(608)
-	-	21	(62)	-	(21)	(15)	-	-	-	(611)
83	150	4	(75)	(71)	(127)	-	-	-	54	(636)
1	-	3	(5)	(1)	(3)	-	-	-	1	(139)
-	-	11	(8)	-	(12)	-	-	-	-	(139)
-	-	-	(10)	-	(5)	-	-	-	4	(132)
-	-	-	(1)	-	-	-	-	-	-	(168)
-	-	-	(1)	-	-	-	-	-	-	(169)
-	-	-	-	-	-	-	-	-	(11)	(147)

**Note 30: Funding Requirements for the Year Ended 30 June 2004 continued...**

ACTIVITY	Year	Revenue excl Rates \$000's	Operating Expenses inc Support* excl Depn \$000's	Depreciation Expense to Reserve \$000's	Total Costs \$000's	General Support costs (included in operating expenses) \$000's	Net Cost / (Net Surplus) \$000's	Loan Repayments \$000's
<b>Roading</b> (Budget has +\$3.5 million Revenue&Expense for Flood Damages)	<b>Actual 2005</b>	<b>(13,032)</b>	<b>12,838</b>	<b>4,613</b>	<b>17,451</b>	<b>498</b>	<b>4,419</b>	<b>77</b>
	Budget 2005	(9,916)	9,365	4,405	13,770	445	3,854	77
	Actual 2004	(8,523)	8,593	4,419	13,012	444	4,489	77
<b>Consultancy</b> (Roothing Related)	<b>Actual 2005</b>	<b>(792)</b>	<b>683</b>	<b>66</b>	<b>749</b>	<b>-</b>	<b>(43)</b>	<b>-</b>
	Budget 2005	(819)	743	67	810	-	(9)	-
	Actual 2004	-	-	-	-	-	-	-
<b>Service Centres</b>	<b>Actual 2005</b>	<b>(4)</b>	<b>314</b>	<b>1</b>	<b>315</b>	<b>78</b>	<b>311</b>	<b>-</b>
	Budget 2005	(4)	334	1	335	78	331	-
	Actual 2004	(1)	302	1	303	71	302	2
<b>Sewerage</b>	<b>Actual 2005</b>	<b>(74)</b>	<b>988</b>	<b>385</b>	<b>1,373</b>	<b>221</b>	<b>1,299</b>	<b>311</b>
	Budget 2005	(40)	877	367	1,244	221	1,204	311
	Actual 2004	(13)	679	218	897	259	884	195
<b>Stormwater/ Drainage</b>	<b>Actual 2005</b>	<b>(4)</b>	<b>231</b>	<b>58</b>	<b>289</b>	<b>85</b>	<b>285</b>	<b>78</b>
	Budget 2005	(4)	232	61	293	85	289	78
	Actual 2004	-	173	53	226	71	226	55
<b>Swimming Pools</b>	<b>Actual 2005</b>	<b>(4)</b>	<b>298</b>	<b>15</b>	<b>313</b>	<b>77</b>	<b>309</b>	<b>4</b>
	Budget 2005	(3)	309	15	324	77	321	4
	Actual 2004	(8)	225	15	240	58	232	4
<b>Waste Management</b>	<b>Actual 2005</b>	<b>(353)</b>	<b>722</b>	<b>28</b>	<b>750</b>	<b>182</b>	<b>397</b>	<b>18</b>
	Budget 2005	(292)	731	23	754	182	462	19
	Actual 2004	(336)	788	31	819	196	483	18
<b>Water Supplies</b>	<b>Actual 2005</b>	<b>(327)</b>	<b>725</b>	<b>393</b>	<b>1,118</b>	<b>196</b>	<b>791</b>	<b>89</b>
	Budget 2005	(346)	744	392	1,136	196	790	89
	Actual 2004	(280)	695	391	1,086	187	806	87
<b>Water Supplies - Independent</b>	<b>Actual 2005</b>	<b>(5)</b>	<b>26</b>	<b>22</b>	<b>48</b>	<b>-</b>	<b>43</b>	<b>-</b>
	Budget 2005	(2)	22	22	44	-	42	-
	Actual 2004	(35)	110	22	132	-	97	-
<b>Less Consultancy Elimination</b>	<b>Actual 2005</b>	<b>743</b>	<b>(743)</b>	<b>-</b>	<b>(743)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Budget 2005	743	(743)	-	(743)	-	-	-
<b>Totals</b>	<b>Actual 2005</b>	<b>(17,237)</b>	<b>23,995</b>	<b>6,388</b>	<b>30,383</b>	<b>2,745</b>	<b>13,146</b>	<b>816</b>
	<b>Budget 2005</b>	<b>(12,709)</b>	<b>17,889</b>	<b>6,086</b>	<b>23,975</b>	<b>2,689</b>	<b>11,269</b>	<b>1,077</b>
	<b>Actual 2004</b>	<b>(16,861)</b>	<b>17,368</b>	<b>5,899</b>	<b>23,267</b>	<b>2,549</b>	<b>6,407</b>	<b>804</b>

Development Capital Expenditure	Transfer to Reserves	Renewals Capital Expenditure	Add/ (Subtract) Items Not Requiring Funding	Loans Raised Internally	Transfer from Reserves	Transfer Loan Repayments from Reserves	Future Revenues	Adjustments Realisation of Investment	Cash Surplus (Used)/ Created	Rates 2005
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
1,026	126	3,691	(217)	-	(4,144)	-	(439)	-	(125)	(4,414)
655	103	4,241	(9)	-	(4,242)	-	(93)	-	(125)	(4,461)
387	273	2,532	(556)	-	(2,634)	-	-	-	(126)	(4,442)
-	44	39	(2)	-	(38)	-	-	-	-	-
-	11	78	(3)	-	(77)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	19	(330)
-	-	-	-	-	-	-	-	-	-	(331)
-	-	-	-	-	-	-	-	-	4	(308)
90	-	438	(20)	(90)	(439)	-	-	-	(195)	(1,394)
30	-	200	(2)	(30)	(201)	-	-	-	(125)	(1,387)
3,691	-	148	12	(3,689)	(175)	-	-	-	96	(1,162)
367	-	28	3	(332)	(28)	(61)	-	-	(33)	(307)
290	-	-	-	(290)	-	(61)	-	-	-	(306)
306	10	-	(5)	(306)	-	-	-	-	50	(336)
12	40	8	(46)	-	-	-	-	-	(10)	(317)
-	40	-	(46)	-	-	-	-	-	-	(319)
-	3	19	(5)	-	(13)	-	-	-	8	(248)
10	-	-	(6)	-	-	(18)	-	-	59	(460)
-	-	-	(1)	-	-	(18)	-	-	-	(462)
6	-	-	(1)	-	(17)	-	-	-	(53)	(436)
49	-	48	(1)	(42)	(48)	(89)	-	-	(7)	(790)
40	-	214	-	(40)	(214)	(89)	-	-	-	(790)
30	8	180	(9)	-	(238)	-	-	-	(56)	(808)
-	-	-	-	-	-	-	(11)	-	-	(32)
-	2	-	-	-	-	-	(12)	-	-	(32)
-	12	-	(6)	-	(71)	-	-	-	-	(32)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,947	575	5,152	(2,468)	(575)	(5,666)	(336)	(450)	-	20	(12,160)
1,057	455	5,477	(192)	(360)	(5,868)	(336)	(105)	-	(250)	(12,224)
5,225	1,043	3,666	2,764	(4,583)	(3,901)	-	-	(200)	417	(11,642)
<b>Funding Surplus For the Year (\$000's)</b>									<b>270</b>	

## Council's Significant Interests in Other Entities

The Local Government Act 2002, Schedule 10 (16) requires Council to provide information regarding its involvement in Trading Organisations (CCTOs), companies and other organisations under the control of Council or in which Council has a significant interest.

### TDC Holdings Limited

#### The Company

The Holding Company was incorporated under the Companies Act 1993 on the 16th June 1997, to provide better optimisation of Council's funds invested in its two operational CCTOs, Infracon Limited and Tararua Forests Limited.

#### Nature and Scope of Activities

The core investment of the company is a 66% interest in Infracon Limited and a 100% interest in Tararua Forests Limited

totalling \$4.965 million. Council has an investment in TDC Holdings Limited of \$0.05 million.

#### Objectives

The objective of the Company is to operate as a successful investment business and to ensure Council obtains an adequate return on its investments.

#### Performance Targets

##### Return on Shareholder Funds

TDC Holdings Limited performance for return on shareholders funds will be assessed on the combined dividend or cash distributions made to TDC Holdings Limited and Council by Infracon Limited and Tararua Forests Limited.

	2004/2005	2004/2005	2005/2006
	Actual	Budget	Budget
Ratio of shareholder funds to total assets	99.8%	60-70%	60-70%
Distribution to Tararua District Council	\$390,450	\$350,000	\$400,000

#### Objective

- To negotiate and agree with Council the Company's Statement of Intent (Sol).
- To negotiate with its subsidiaries and, after consultation, with Council, approve the subsidiaries' Sol's.

#### Performance Target

Agreement of the Company's Sol with the Council not later than 30 June of each year.

Compliance with the provisions of the Local Government Act 2002 and the Company's Constitution.

Consideration of the draft Sol's from subsidiaries and, if appropriate discussions with subsidiary Boards of Directors not later than 1 February of each year.

Reporting to Council on significant objectives of subsidiaries Draft Sol's for comment not later than 1 March of each year, and referring such comments to the subsidiaries for further consideration, if appropriate.

Ensuring subsidiaries' Sol compliance with provision of the Local Government Act and subsidiaries Constitutions.

#### Achievement

The Statement of Intent (Sol) was agreed with Council at a meeting held 11 May 2005.

The company complied in every respect with the provisions of the Local Government Act 1974, the Local Government Act 2002 and the company's Constitution.

Consideration of the draft Sol's of subsidiaries took place during March/June. Subsequent discussions have taken place with subsidiary Boards of Directors on matters pertaining to the draft Sol's.

Council was advised on the significant objectives of the subsidiaries on 11 May 2005.

The directors of TDC Holdings Limited have ensured that subsidiaries' Sols comply with statutory requirements and with their respective constitutions.

Objective	Performance Target	Achievement
<ul style="list-style-type: none"> <li>To monitor the subsidiaries' performances against targets established in the Sol.</li> </ul>	<p>Approval of subsidiaries' Sol not later than 30 June of each year.</p> <p>Establishment of recording requirements and protocols for the subsidiaries to the Company.</p> <p>Review of subsidiaries' reports quarterly and obtaining information on significant variances to performance targets.</p>	<p>The Sol of Tararua Forests Limited was approved in late June 2005.</p> <p>The Sol of Infracon Limited has been subject to further discussion between the shareholders and the directors which continued beyond 30 June. The Sol was approved, in principle, in August 2005 subject to confirmation at a meeting of directors schedule for September 2005.</p>
<ul style="list-style-type: none"> <li>To report twice yearly to Council on the Company's performance against targets.</li> </ul>	<p>Compliance with the reporting requirements detailed in the Sol and Board attending on Council to discuss reports.</p> <p>Holding not less than one shareholders meeting each year for the purpose of briefing the representatives of shareholders on developments in the subsidiaries.</p>	<p>The reporting requirements were complied with.</p> <p>A shareholders meeting was held 1 December 2004 where developments in the subsidiaries were discussed.</p>
<ul style="list-style-type: none"> <li>To report regularly to Council on its own and subsidiaries' performance.</li> </ul>	<p>Compliance with Council requirements for six monthly reports comparing performance against targets and other information.</p>	<p>The six-monthly meeting report to Council was delivered and adopted by Council 30 March 2005.</p>
<ul style="list-style-type: none"> <li>To report to Council on actual or potential non-compliance or problems with performance requirements.</li> </ul>	<p>Reporting to Council at the earliest opportunity of any significant problems/issues relating to the Company or subsidiaries.</p> <p>Reports to Council to include 'exception' report per section 8.2 of TDC Holdings Limited's Sol.</p>	<p>There were no significant problems/issues relating to the company or subsidiaries.</p> <p>There were no issues or concerns to report.</p>
<ul style="list-style-type: none"> <li>To operate as a successful company in terms of the Companies Act, the Local Government Act and all other statutory provisions.</li> </ul>	<p>Compliance with the requirements of the Local Government Act 2002.</p> <p>Compliance with the Companies Act 1993 and the Financial Reporting Act 1993.</p> <p>Compliance with the Company's Constitution.</p> <p>Compliance with the Statement of Intent's performance targets.</p>	<p>The company complied with the requirements of the Local Government Act 2002.</p> <p>The company complied.</p> <p>The company complied.</p> <p>The company complied.</p>

**CCTO (Council Controlled Trading Organisation) Financial Statements**  
**TDC Holdings Limited (TDC HL)**

2003/04 TDC HL \$000's	2003/04 Consolidated \$000's		2004/05 TDC HL \$000's	2004/05 Consolidated \$000's
<b>Statement of Financial Performance</b>				
<b>For The Year Ended 30 June 2005</b>				
<b>Revenue</b>				
323	35,652	Revenue from operations	389	43,420
-	25	Revenue from forestry sales	-	18
1	8	Interest revenue	2	3
<b>324</b>	<b>35,685</b>	<b>Total Revenue</b>	<b>391</b>	<b>43,441</b>
<b>Expenses</b>				
42	34,542	Operating Expenditure	41	41,670
<b>42</b>	<b>34,542</b>	<b>Total Expenses</b>	<b>41</b>	<b>41,670</b>
282	1,143	Net profit before taxation	350	1,771
(65)	287	Taxation expense/(refund)	-	547
<b>347</b>	<b>856</b>	<b>Operating Surplus (Deficit) After Tax</b>	<b>350</b>	<b>1,224</b>
<b>Statement of Financial Position as at 30 June 2005</b>				
<b>Assets</b>				
342	8,287	Current Assets	416	9,287
9,425	16,514	Non-Current Assets	9,424	20,184
<b>9,767</b>	<b>24,801</b>	<b>Total Assets</b>	<b>9,840</b>	<b>29,471</b>
<b>Liabilities</b>				
8	7,236	Current Liabilities	15	7,815
-	3,426	Non-Current Liabilities	-	5,388
<b>8</b>	<b>10,662</b>	<b>Total Liabilities</b>	<b>15</b>	<b>13,203</b>
<b>Equity</b>				
<b>Public Equity</b>				
9,759	9,836	Parent Interest	9,825	11,229
-	4,303	Minority Interest	-	5,039
-	-	Revaluation Reserves	-	-
<b>9,759</b>	<b>14,139</b>	<b>Total Equity</b>	<b>9,825</b>	<b>16,268</b>
<b>9,767</b>	<b>24,801</b>	<b>Total Equity &amp; Liabilities</b>	<b>9,840</b>	<b>29,471</b>

## Infracon Limited

### The Company

Infracon Limited is a Council Controlled Trading Organisation (CCTO) which is 66% owned by TDC Holdings Limited. It was established on 1st July 2003 under Section 594B of the Local Government Amendment No.2 Act 1989. The Company has its own management structure.

### Mission Statement

"For Infracon Limited to be the outstanding provider of Roothing and Civil Engineering in the Communities we serve."

### Objectives

The principal objective of the Company is to provide competitive and quality service to a wide range of customers by creating a stimulating and rewarding environment for our people. This will add value for our shareholders and communities.

### Nature and Scope of Activities

Infracon Limited's primary activity is the management and execution of infrastructural maintenance particularly in the areas of Local Authority Roothing and Underground Service Utilities.

The Company will undertake work as follows:

- Road and bridge maintenance
- Utilities and services maintenance
- Parks and reserves maintenance
- Civil engineering contracts for Transit NZ, local authorities, and private customers
- General plant hire
- Crushing and quarry operations
- Refuse collection and disposal
- Supply of readymix concrete
- Other works which are incidental or conducive to the attainment of the principal objective of operating a successful business.

### Performance Targets

	2004/2005 Actual	2004/2005 Budget
Ratio of shareholder funds to total assets	53%	55% minimum
Net Profit before tax to shareholders funds	15%	11-13%
Council's Budget Expectations:		
Distribution to Tararua District Council*	\$340,450	\$315,000

(\* directly or via TDC Holdings Ltd: Infracon Ltd will make a subvention payment to Tararua District Council of \$107,250 and TDC Holdings Ltd paid \$233,200 of Dividend to Council. Infracon Ltd declared a dividend of \$349,660 to be paid to TDC Holdings Limited for the year ended 30 June 2005.)

## CCTO (Council Controlled Trading Organisation) Financial Statements Infracon Limited

2003/04  
\$000's
2004/05  
\$000's

### Statement of Financial Performance For The Year Ended 30 June 2005

<b>Revenue</b>	
35,616	Revenue from operations
-	Interest revenue
<b>35,616</b>	<b>Total Revenue</b>
<b>Expenses</b>	
34,381	Operating Expenditure
34,381	Total Expenses
-	Plus Revaluation Increment/(Decrement)
<b>1,235</b>	<b>Net surplus before taxation</b>
(352)	Taxation expense/(refund)
<b>883</b>	<b>Net Surplus/(Deficit) After Taxation</b>

### Statement of Financial Position as at 30 June 2005

<b>Assets</b>	
8,065	Current Assets
15,466	Non-Current Assets
<b>23,531</b>	<b>Total Assets</b>
<b>Liabilities</b>	
7,448	Current Liabilities
3,426	Non-Current Liabilities
<b>Equity</b>	
12,657	Shareholder funds
-	Revaluation Reserve
<b>12,657</b>	<b>14,820</b>
<b>23,531</b>	<b>Total Equity &amp; Liabilities</b>

## Tararua Forests Limited

### The Company

Tararua Forests Limited is a Council Controlled Trading Organisation (CCTO) which is wholly owned by TDC Holdings Limited. It was established on 1st July 1994 under Section 594B of the Local Government Amendment No.2 Act 1989. Tararua Forests Limited was sold by Council to TDC Holdings Limited on 15th October 1997 for \$150,000 in cash. An additional \$1.215million was invested on 30 June 1999 to fund the purchase of Council's Forestry Assets.

### Mission Statement

"To provide excellence in forest management and to develop over the long term sustainable forest resource of good economies of scale providing consistent dividends to shareholders."

### Nature and Scope of Activities

Activities of the company are focused upon the development of profitable forestry yielding financial and other benefits.

These activities include:

- (a) Managing our forestry asset.
- (b) Harvesting our forests at the appropriate times.
- (c) Replanting of harvested areas.
- (d) Expanding our forest area.
- (e) Offering forestry management services to Tararua District Council and others.

### Objectives

- (a) Pursue management practices, business and market opportunities in order to maximise profitability.
- (b) Utilise Joint Ventures as a mechanism for further development of a sustainable forest base.
- (c) Develop a management and financial plan for the ongoing activities of the company and monitor progress to ensure that the company achieves its objectives.
- (d) Be a responsible corporate citizen.

### Performance Targets

	2004/2005 Actual	2004/2005 Budget
Ratio of shareholder funds to total assets	98.6%	60%
Distribution to TDC Holdings Ltd		
- Dividend	\$0	\$50,000
- Management Fee	\$3,500	\$3,500
Trading profit and capital growth return on Shareholders Funds	loss	7%
Sustainable Yield Forest Area	377.4 ha	400ha

TDC Holdings Ltd paid \$50,000 of Dividend to Council from funds provided by Tararua Forests Limited in the 2004 year.

## CCTO (Council Controlled Trading Organisation) Financial Statements Tararua Forests Limited

2003/04  
\$000's

2004/05  
\$000's

### Statement of Financial Performance For The Year Ended 30 June 2005

	<b>Revenue</b>	
25	Forest sales (Gross)	18
-	Forest management services	1
8	Interest revenue	1
<b>33</b>	<b>Total Revenue</b>	<b>20</b>
	<b>Expenses</b>	
28	Cost of forestry rights on forest sales	20
95	Operating expenses & administration	101
<b>123</b>	<b>Total Expenses</b>	<b>121</b>
<b>(90)</b>	<b>Net surplus/(deficit) before taxation</b>	<b>(101)</b>
-	Taxation expense/(refund)	-
<b>(90)</b>	<b>NET SURPLUS/(DEFICIT) AFTER TAXATION</b>	<b>(101)</b>

### Statement of Financial Position as at 30 June 2005

	<b>Assets</b>	
117	Current Assets	35
1,048	Non-Current Assets	1,027
<b>1,165</b>	<b>Total Assets</b>	<b>1,062</b>
	<b>Liabilities</b>	
17	Current Liabilities	15
-	Non-Current Liabilities	-
	<b>Equity</b>	
1,148	Public Equity	1,047
<b>1,165</b>	<b>Total Equity &amp; Liabilities</b>	<b>1,062</b>

## Tararua Aquatic Community Trust

### The Trust

Tararua Aquatic Community Trust is a charitable trust created by deed of trust and registered under the Charitable Trust's Act 1957. This Trust was set up on 30 April 1993 as an independent body with its own Board and management structure.

### Objective

The Trust's objective is to provide and maintain a comprehensive indoor swimming pool and related services, in the Tararua District for the benefit and welfare of the citizens of the Tararua District.

## Financial Statements

### Tararua Aquatic Community Trust

2003/04  
\$000's

2004/05  
\$000's

#### Statement of Financial Performance For The Year Ended 30 June 2005

Revenue		
122	Council grant	166
-	Operating revenue	-
2	Interest revenue	2
<b>124</b>	<b>Total Revenue</b>	<b>168</b>
Expenses		
163	Operating expenditure	202
<b>163</b>	<b>Total Expenses</b>	<b>202</b>
<b>(39)</b>	<b>NET SURPLUS/(DEFICIT) FOR YEAR</b>	<b>(34)</b>

#### Statement of Financial Position as at 30 June 2005

Assets		
48	Current Assets	46
1,103	Non-Current Assets	1,064
<b>1,151</b>	<b>Total Assets</b>	<b>1,110</b>
Liabilities		
11	Current Liabilities	5
-	Non-Current Liabilities	-
Equity		
1,140	Public Equity	1,105
<b>1,151</b>	<b>Total Equity &amp; Liabilities</b>	<b>1,110</b>

## In-House Business Unit

### Consultancy

To encourage optimum performance, Council established a business unit which could operate in commercial markets and be subject to competition of other businesses in the private sector.

Consultancy offers professional consultancy services with separate management and business systems to encourage a focus on providing a service that could be subject to

competition in the commercial environment. It is awarded roading professional services on a non-competitive basis. Any work of a nature, which is unable to be handled by Consultancy is competitively tendered on the open market. Consultancy operates from Council premises in Woodville.

Disclosure is as required by the "Transit New Zealand Determination 1992" (Reporting on Minor and Ancillary Roothing Works and In-house Professional Services Performed and Provided by a Local Authority's Own Staff or Assets).

## Business Unit - Financial Statements

### Consultancy

2003/04 \$000's		2004/05 \$000's
<b>Statement of Financial Performance For The Year Ended 30 June 2005</b>		
<b>Revenue</b>		
758	In-house professional services for Transit New Zealand financially assisted roading	738
62	Other engineering fees and revenue	54
<b>820</b>	<b>Total Revenue</b>	<b>792</b>
<b>Expenses</b>		
771	Total costs of operating roading programme	749
<b>771</b>	<b>Total Expenses</b>	<b>749</b>
<b>49</b>	<b>Net Surplus/(Deficit) for the year</b>	<b>43</b>

\* Consultancy's net surplus is incorporated into the council net surplus.

## Other Activities

### Tararua Safer Community Council (TSCC)

#### The Council

Tararua Safer Community Council is an organisation developed by the local community and funded by the Crime Prevention Unit. Since 1995, the Tararua District Council has had an agreement with the Crime Prevention Unit to sponsor the Tararua Safer Community Council.

The Crime Prevention Unit provides a coordination fee, which covers a salary to employ a coordinator, and a Discretionary fund of \$5,000 to assist crime prevention programmes in the Tararua District. In return, the Tararua District Council provides an office space for the coordinator and administrative support of up to \$5,000 per annum.

The Tararua Safer Community Council is in its tenth year of operation; it is chaired by Her Worship the Mayor – Maureen Reynolds, and has representation from 20 plus community groups and agencies.

#### Objective

The mission of the Tararua Safer Community Council is to coordinate existing community crime prevention programmes and to plan for, and encourage the development of new programmes within the context of a local crime prevention plan.

The co-ordinator works with a variety of organisations assisting with crime reduction strategies, funding proposals, organisational advice, and project development.