

ARTNL BRITOMART LIMITED STATUTORY INFORMATION

ARTNL Britomart Limited is a 100% subsidiary of Auckland Regional Transport Network Limited and shares a mirror Board of Directors with its parent company.

Directors' profiles as at 31 October 2010

Keenan, Ross

Ross Keenan has an extensive background in finance, infrastructure, transport and governance as well as involvement with central government and Iwi issues. He holds several directorships in the public and private sectors.

Green, George

George Green is a chartered accountant and has held various senior positions in industry and was lead partner, Management Consulting Services, for Price Waterhouse from 1986. In the early 1980's Mr Green was seconded to the Prime Minister's Advisory Group. He is currently a director of several companies.

Entries made in the Interests' Register

The following disclosures that a Board member is a director, shareholder, officer or trustee of another company, were made in the Company's interests' register during the period under review.

Entity	Relationship
Ross Keenan	
Allied Workforce Group Limited	Chairman
Watercare Services Limited	Dep. Chairman
Metrowater Limited	Chairman
Auckland City Water Limited	Chairman
Touchdown Limited	Director
Ngai Tahu Holdings Corporation Limited	Director
Ngai Tahu Seafood Limited	Chairman
Ngai Tahu Tourism Limited	Chairman
Ngai Tahu Property Limited	Director
Ngai Tahu Tribal Services Limited	Director
Ngai Tahu Capital Limited	Director
Cabletalk Group Limited	Director
Cabletalk Limited	Director
Residual No. 2 Limited	Director
Residual Limited	Director
George Green	
Sleepyhead Manufacturing Limited	Chairman
Rapaura Vintners Limited	Chairman
Morrison Low Holdings Limited	Chairman
Morrison Low & Associates Limited	Chairman
Morrison Low Consulting Pty Limited	Chairman
Parkwood Management Limited	Director
Metrowater Limited	Director
Pacific Hygiene Limited	Chairman
Manukau Leisure Services Limited	Director
Parsley Limited	Director
Wonderest Limited	Director

Directors' Remuneration

No payments were made by ARTNL Britomart Limited to any directors during the period under review. All payments to directors were via Auckland Regional Transport Network Limited.

Use of Company Information by Directors

The Board received no notices during the period from Directors requesting to use Company information received in their capacity as Directors which would not otherwise be available to them.

Shareholding by Directors

Directors do not hold shares in the Company.

Indemnities and Other Insurance in respect of Directors and Employees

No indemnities or other insurance in respect of directors or employees were given during the period under review.

Recommended Dividend

No dividends have been paid or recommended during the period. This is consistent with the Company's constitution that does not contemplate such payments.

Donations

No donations were paid during the period.

Employees' Remuneration

During the period, the following number of persons on the permanent establishment received remuneration in excess of \$100,000 per annum

Band	2010	2009
\$100,001 - \$140,000	1	1

Figures over the 16 months have been annualised for comparative purposes. Figures above exclude redundancy payments.

Auditor's Remuneration

Audit fees paid and accrued in respect of audit services received were:

	2010	2009
ARTNL Britomart Limited	\$15,000	\$10,000

ARTNL BRITOMART LIMITED

GOVERNANCE AND ACCOUNTABILITY STATEMENT

Role of the Board

The shareholders have appointed a governing Board whose responsibilities include:

- Communicating with the Council and other stakeholders to ensure their views are reflected in the Company's planning
- Delegating responsibility for achievement of specific objectives to the management executive through the General Manager
- Monitoring organisational performance towards achieving objectives
- Accounting to shareholders on plans and progress against them
- Maintaining effective systems of internal control
- Providing and assisting with the development of the strategic direction of ARTNL Britomart Limited.

Structure of ARTNL Britomart Limited

ARTNL Britomart Limited was incorporated on 31 October 2002 as a subsidiary of Auckland Regional Transport Network Limited and did not trade in the year ended 30 June 2003. Trading commenced on 1 July 2003.

Board Membership

The Board is composed of members who have diverse skills and experience in order to bring a wide range of thought to bear on policy issues. Once appointed, all members are required to act in the best interests of ARTNL Britomart Limited. Members acknowledge that the Board must stand unified behind its decisions; individual members have no separate governing role outside the boardroom. Councillors and officers of owning Councils are precluded from being members of the Board. The Company's constitution sets the size of the Board at not less than two or more than seven directors.

Board and Other Committees

The Board has established three standing committees to provide a more detailed level of focus on particular issues for ARTNL Britomart Limited. Each committee has been delegated responsibility for governance, that is, policy making and monitoring of the organisation's progress toward meeting objectives stated in policies. Committees do not involve themselves in operational matters. The Board's standing committees include:

<u>Committee</u>	<u>Meeting frequency</u>
Finance, Audit and Risk Management Committee	Quarterly or as required
Safety Committee	Yearly or as required
Remuneration Committee	Quarterly or as required

Connection with Stakeholders

The Board acknowledges its responsibility to keep in touch with stakeholders and, in particular, to remain cognisant of shareholder expectations. These expectations, however, must be balanced against the Board's responsibilities to get on and achieve pragmatic and timely results. The Board and management have met with the Shareholders Representative Group as required during the period to provide opportunities outside of the Annual General Meeting and quarterly briefings to discuss matters relevant to shareholders and the future of the ARTNL Britomart Limited. The Board acts in the best interests of the company in a way that is transparent and shows accountability.

Division of Responsibility between the Board and Management

A key to the efficient running of ARTNL Britomart Limited is that there is a clear division of roles between Board and management. The Board concentrates on setting policy and strategy then monitors progress toward meeting objectives. Management is concerned with implementing policy and strategy. The Board clearly demarcates these roles by ensuring that the delegation of responsibility and authority to the management team is concise and complete.

The Board meets regularly with management to review and advise on the development of the Company's role in establishing itself and towards providing for a regionally integrated passenger transport infrastructure.

ARTNL Britomart Limited Operations

A management team appointed by the Board manages ARTNL Britomart Limited. The Board directs the management team by delegating responsibility and authority for the achievement of objectives through setting policy. The Board has met regularly during each month with members of the management team to discuss, review and develop work necessary to carry out the objectives of the Company.

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Accountability

The directors hold monthly meetings as a formal Board to monitor progress toward its strategic objectives and to ensure that the affairs of ARTNL Britomart Limited are being conducted in accordance with the Board's policies.

Conflicts of Interest

The Board maintains an Interests' Register and ensures Board members and senior management are aware of their obligations to declare interests.

Safety and Risk Management

The Board acknowledges that it is ultimately responsible for the management of risks to ARTNL Britomart Limited. The Board has charged the General Manager with developing and operating a risk management programme as significant assets and operations were required. ARTNL has produced for the owner of the Britomart assets a series of recommendations around fire and safety and forward capital and heavy maintenance requirements. The Company views risk management as the responsibility of every employee

Legislative Compliance

The Board acknowledges its responsibility to ensure the organisation complies with all legislation. The Board has delegated responsibility to the General Manager for the development and operation of a programme to systematically identify compliance issues and ensure all staff are aware of legislative requirements that are particularly relevant to them.

Ethics

The Board has informally adopted a code of ethics and regularly monitors whether staff maintain high standards of ethical behaviour and practice the principles of 'good corporate citizenship' in their business interaction within and outside the Company.

Monitoring compliance with ethical standards is done through such means as monitoring trends in complaints and disciplinary actions; or any reports or indications that show non-conformance with the principles espoused.

Amalgamation

On 31 December 2008 the ARTNL board resolved that ARTNL Britomart Limited amalgamate with ARTNL Metro Limited and ARTNL Harbour Berths Limited (being directly or indirectly wholly owned by Auckland Regional Transport Network Limited) pursuant to the provisions of Part 13 of the Companies Act 1993 with effect from 31 December 2009 and continue as ARTNL Britomart Limited on the basis that:

- The shares of ARTNL Metro Limited and ARTNL Harbour Berths Limited will be cancelled without payment or other consideration;
- The constitution of the amalgamated company will be the same as the constitution of ARTNL Britomart Limited prior to amalgamation;
- The board is satisfied on reasonable grounds that the amalgamated company will immediately after the amalgamation becomes effective, satisfy the solvency test (as set out in section 4 (3) of the Companies Act 1993); and
- The directors of the amalgamated company will continue to be George William Green and Ross Barry Keenan

Subsequently, the names of ARTNL Metro Limited and ARTNL Harbour Berths Limited were removed from the register on the 11th day of February 2009 by the Registrar of Companies, New Zealand.

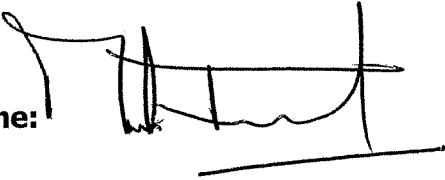
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ARTNL BRITOMART LIMITED
STATEMENT OF RESPONSIBILITY
FOR 16 MONTHS ENDED 31 OCTOBER 2010

Auckland Transport, as the receiving entity of ARTNL Britomart Limited, is responsible for the completion of the financial statements and the judgements used in preparing them.

Auckland Transport confirms that ARTNL Britomart Limited established and maintained a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Auckland Transport, ARTNL Britomart Limited's annual financial statements for the 16 month period ended 31 October 2010, fairly reflect the financial performance and financial position of ARTNL Britomart Limited.

Name: 

Title: Chairman

Date: 16/2/11

Name: 

Title: DIRECTOR

Date: 16/2/11

ARTNL BRITOMART LIMITED STATEMENT OF ACCOUNTING POLICIES FOR 16 MONTHS ENDED 31 OCTOBER 2010

Reporting entity

These are the final financial statements of ARTNL Britomart Limited (ABL), a 100% subsidiary of Auckland Regional Transport Network Limited (ARTNL). The Company is a Council Controlled Organisation established under the provisions of the Local Government Act 2002. The Company was incorporated on 31 October 2002 is domiciled in New Zealand and commenced trading on 1 July 2003.

ABL holds the lease and contractual arrangements for access and use of the public transport related assets of the Britomart Transport Centre and precinct area. Bus operations are managed through a management contract. The Central Post Office retail facility and train terminal operations are managed through a lease.

Basis of preparation

Statement of Compliance

The financial statements of ABL have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

Schedule 4 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, dissolved ARTNL Britomart Limited on 31 October 2010. As a consequence of the dissolution of ARTNL Britomart Limited, the Company ceased to exist from that date. Accordingly the financial statements have been prepared on a dissolution basis.

The Company is a qualifying entity within the Framework for Differential Reporting. The Company qualifies on the basis that it is not publicly accountable and there is no separation between the owners and governing body of ARTNL. The Company has taken advantage of all differential reporting concessions available to them with the exception of SSAP 12 Income Taxes.

The Local Government (Tamaki Makaurau Reorganisation) Act 2009 was enacted on 23 May 2009 and provides for the dissolution of ARTNL Britomart Limited on 31 October

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2010. It also instructs ARTNL Britomart Limited and the receiving entity, Auckland Transport, to prepare accounts for the 16 month period to 31 October 2010.

Comparison with prior period

Because of the change in reporting period, these accounts cannot be entirely compared to the previous year.

Going concern assumption

The dissolution of ARTNL Britomart Limited requires the financial statements to be prepared on a dissolution basis, not the normal going-concern basis. All the assets and liabilities of ARTNL Britomart Limited have been vested in Auckland Transport. Because the assets and liabilities of ARTNL Britomart Limited are relevant to Auckland Transport, no adjustments have been made in the financial statements resulting from the dissolution of ARTNL Britomart Limited. Also refer to notes 10 and 15.

Measurement base

The financial statements have been prepared on an historical cost basis.

Accounting policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied:

a) Goods and Services Tax

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

b) Taxation

Income tax expense is charged in the Statement of Financial Performance in respect of current year's earnings after allowing for permanent differences. Deferred tax is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised where there is virtual certainty of realisation.

c) Accounts Receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectable debts.

d) Fixed Assets

All fixed assets (including work in progress) are initially recorded at cost.

e) Depreciation

Depreciation is provided on a straight-line basis on all fixed assets, at a rate, which will write off the cost of the assets to their estimated residual value over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Economic life (years)
Leasehold Improvements	4-25
Furniture & Fittings	5-20
IT Hardware and Software	3
Plant & Equipment	5

f) Leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

g) Accounts Payable

Creditors and other payables are non-interest bearing and are normally settled on 30 days terms, therefore the carrying value of creditors and other payables approximates their fair value

h) Financial Instruments

ABL is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, accounts receivable and accounts payable. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Except for loans, which are recorded at cost, and those items covered by separate accounting policy, all financial instruments are shown at their estimated fair value.

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i) Operating Revenue

Operating revenue comprises access fees charged to rail and bus operators for use of the Britomart Transport Centre station and bus precinct respectively and is measured at the fair value of consideration received. Rental income is recognised on a straight-line basis.

Interest income is recognised using the effective interest rate method.

j) Employee Entitlements

Employee entitlements include provisions for annual leave and executive performance payments. These entitlements are recognised in the Statement of Financial Performance, on the basis of calculations of actual entitlement based on contracts, as they fall due and provided for in the Statement of Financial Position at estimated cost.

k) Changes in Accounting Policies

The financial statements for the 16 months to 31 October 2010 have been prepared on a dissolution basis. Previous financial statements were prepared on a going concern basis.

l) Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted, and are relevant to the Company include:

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the Company the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Company intends to adopt this standard for the period ending 31 October 2010, and has prepared a single statement of comprehensive income.

m) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the statement of financial performance

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ARTNL BRITOMART LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR 16 MONTHS ENDED 31 OCTOBER 2010

	Note	2010 \$000	2009 \$000
Revenue from operating activities	1	5,689	4,393
Expenditure on operating activities	2	(5,185)	(4,040)
Surplus Before Depreciation, Interest, Write-off of Assets and Tax		<u>504</u>	<u>353</u>
Depreciation	2	(188)	(142)
Interest Expense	2	(1)	-
Interest income	2	17	24
Surplus Before Tax		<u>332</u>	<u>235</u>
Less tax (expense)/benefit	3	-	-
Net Surplus after Tax		<u>332</u>	<u>235</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		332	235

STATEMENT OF CHANGES IN EQUITY
 FOR 16 MONTHS ENDED 31 OCTOBER 2010

		2010 \$000	2009 \$000
Net Surplus for the period		332	235
Net (Deficit) transfer from ARTNL Harbour Berths Limited and ARTNL Metro Limited	4	-	(803)
Movements in equity		<u>332</u>	<u>(568)</u>
Equity at Beginning of Year		<u>433</u>	<u>1,001</u>
Equity at End of Year		<u>765</u>	<u>433</u>
This is represented by :			
Share Capital	4	-	-
Retained Earnings	4	<u>765</u>	<u>433</u>
		<u>765</u>	<u>433</u>

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

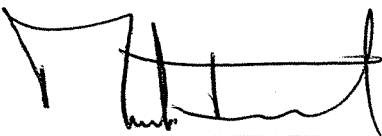
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ARTNL BRITOMART LIMITED
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 OCTOBER 2010

		2010	2009
		\$000	\$000
	Note		
ASSETS			
Current Assets			
Cash and Bank Balances	5	670	625
Prepayments and Receivables	6	<u>103</u>	<u>127</u>
Total current assets		<u>773</u>	<u>752</u>
Non-current assets			
Fixed Assets	7	<u>1,317</u>	<u>1,411</u>
Total non-current assets		<u>1,317</u>	<u>1,411</u>
Total assets		<u>2,090</u>	<u>2,163</u>
LIABILITIES			
Current Liabilities			
Payables and Accruals	8	1,325	1,730
Total current liabilities		<u>1,325</u>	<u>1,730</u>
NET ASSETS		<u>765</u>	<u>433</u>
EQUITY			
Share Capital	4	-	-
Retained Earnings	4	765	433
Total Equity		<u>765</u>	<u>433</u>

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

Signed on behalf of the Board of Auckland Transport as the receiving entity in terms of Schedule 4 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009.


 Title: Chairman
 Date: 16/2/11


 Title: DIRECTOR
 Date: 16/2/11

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ARTNL BRITOMART LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR 16 MONTHS ENDED 31 OCTOBER 2010

	2010	2009
	\$000	\$000
Note: 1 Revenue from operating activities		
Operating Income	4913	3844
Commercial Income	774	547
Dividend Income	2	2
Total Equity	<u>5,689</u>	<u>4,393</u>

Note: 2 Net Surplus

Net Surplus for the year includes the following

Audit Fees	15	10
Depreciation:-		
Furniture and Fittings	3	3
IT and Computer Software	8	4
Leasehold improvements	177	135
Rent paid	33	24
Consultants and Legal Fees	-	8
	<u>236</u>	<u>184</u>
Interest Expense	1	-
Changes in provision for doubtful debts	5	1

After crediting

Interest income	17	24
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Note 3 : Taxation

Operating Surplus (Deficit) Before Tax	332	235
Tax at 30% (2009: 30%)	100	70
Add tax effect of permanent differences		
Loss offset	89	100
Deferred tax not recognised	-	(3)
Tax losses not previously recognised	(189)	(167)
Deferred Tax asset write off	-	-
Income Tax expense (benefit)	<u>-</u>	<u>-</u>

Income Tax expense (benefit) is represented by:

Deferred Tax liability (asset)	-	-
	<u>-</u>	<u>-</u>

Deferred Tax Liability (asset)

Accumulated tax losses for the ARTNL Britomart Limited of \$517,507 (2009: \$1,107,007) tax effect \$155,252 (2009: \$332,102) are available to carry forward and offset against future taxable income.

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	2010	2009
	\$000	\$000
Imputation Credit Account		
Balance at the beginning of the year	33	33
Prior Year Adjustment	(22)	-

Income Tax Payments during the year

Resident Withholding Tax	2	-
Taxation (refund)/paid	-	-
Imputations credits	-	-
Imputation credits paid by IRD	-	-
Balance at end of year	13	33

At balance date the imputation credits available to shareholders were:
Through direct shareholding in the Company

13	33
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	2010	2009
	\$000	\$000

Note 4 : Equity

a) Share Capital

Opening Balance	-	-
Contribution by shareholder	-	-

Total Equity

-	-
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The company has issued 100 shares, which are all uncalled
All shares carry equal voting rights and the right to share in
any surplus on winding up of the company

The shares do not carry fixed dividend rights.

b) Retained Earnings

Opening Balance	433	1,001
Net (Deficit) transfer from ARTNL Harbour Berths Limited and ARTNL Metro Limited	-	(803)
Net Income for the year	332	235
Accumulated net surplus/(deficit) as at 31 October 2010	765	433
Equity at end of year	765	433

Note 5 : Cash and Bank balances

Total Cash and bank balances	670	625
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The company's cash at bank, receives the same interest rate
as the money market short term deposit rate. The weighted
average effective interest rates was 3.42% (2009:4.75%)

Note 6: Prepayments and Other Receivables

Trade Debtors	102	109
Less Provision for Impairment	(5)	-
Prepayments and receivables	6	18
	103	127

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	2010	2009
	\$000	\$000
Note 7: Fixed Assets		
Leasehold improvements	2,086	2,031
Less accumulated depreciation	<u>(808)</u>	<u>(631)</u>
	1,278	1,400
Furniture and Fittings	41	41
Less accumulated depreciation	<u>(38)</u>	<u>(35)</u>
	3	6
IT and Computer Software	52	13
Less accumulated depreciation	<u>(16)</u>	<u>(8)</u>
	36	5
Total net book value	<u><u>1,317</u></u>	<u><u>1,411</u></u>

Note 8 : Payables and Accruals

Trade creditors	324	335
Trade accruals	157	432
Amount owing to Group companies	<u>844</u>	<u>963</u>
	<u><u>1,325</u></u>	<u><u>1,730</u></u>

ARTNL has given an indefinite undertaking not to call for payment of the amount owed to it by ARTNL Britomart Limited

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2010	2009
\$000	\$000

Note 9 : Related party Transactions

The directors of ARTNL Britomart Limited is also the directors of Auckland Regional Transport Network Limited

Included in payables and accruals are the following amounts owing to:

Metrowater	13	6
Auckland Regional Transport Network Limited	844	963
	<u>857</u>	<u>969</u>

Services were provided by the following related parties

Auckland City Council	213	-
Metrowater	108	64
Auckland Regional Transport Network Limited	802	1,180
	<u>1,123</u>	<u>1,244</u>

Included in Receivables and Prepayments are the following amounts owing from:

Auckland City Council	<u>8</u>	<u>8</u>
	<u>8</u>	<u>8</u>

Services were provided to the following related parties:

Auckland City Council	112	56
Auckland Regional Transport Network Limited	6	-
	<u>118</u>	<u>56</u>

The directors of this company were also the directors of Metrowater Limited and Auckland City Council is the shareholders of both ARTNL Group and Metrowater Limited.

Key management and directors

There were no transactions between ARTNL Britomart Limited and key management and directors. No related part transactions have been written off or forgiven during the year (2009:Nil)

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Note 10 : Subsequent Events

Effective 1st November 2010 the functions of ARTNL Group have been taken over by Auckland Transport, a council controlled organization of new Auckland Council, and the ARTNL group was disestablished on 31 October 2010 and its assets and liabilities transferred to Auckland Transport.

Note 11 : Commitments

ARTNL Britomart Limited is party to a Heads of Agreement with Auckland City Council. Under these agreements, Auckland City Council leases the Britomart Transport Centre to ARTNL Britomart Limited for 100 years, with ARTNL Britomart Limited being responsible for the operational, maintenance and asset renewal requirements for the Centre.

ARTNL Britomart Limited manages the bus precinct with Auckland City Council retaining its usual responsibility for the management of the street network.

However, as the issue of funding for asset renewals had not been agreed by the Region when the lease was executed, a trigger clause was included whereby either party can terminate the lease on one month's notice after 31 December 2003 if asset renewal funding is not resolved. This matter remains unresolved and is being kept under review. No change in status has been advised by either party.

Rent commitment: No rent is payable for the first four years of the lease. Thereafter the annual rent is equivalent to the asset renewal funding requirement. There were no capital commitments approved and contracted at 31 October 2010 (2009: \$Nil).

Note 12 : Contingencies

There were no contingent liabilities as at 31 October 2010 (2009: \$Nil).

Note 13 : Fair Value of Financial Instruments

The fair value of financial instruments held as short-term deposits are approximated by the carrying amount disclosed in the Statement of Financial Position.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowings or return on investments.

ARTNL Britomart Limited does not consider there is any significant exposure to interest rate risk on investments and borrowings. Interest rates on investments are disclosed in note 5.

There are no interest rate option or swap agreements in place as at 31 October 2010 (2009: \$Nil).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

ARTNL Britomart Limited has no exposure to currency risk.

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Credit risk

Credit risk is the risk that a third party will default on its obligation to ARTNL Britomart Limited, resulting in a loss to the company.

Financial instruments that potentially subject the company to risk consist principally of bank balances, short-term money market deposits and trade receivables.

ARTNL Britomart Limited manages its exposure to credit risk. The company invests in financial institutions with high quality ratings and limiting the amount of funds placed with any one financial institution at any one time.

Note 14: Statement of Intent

The company has been exempt in terms of section 7 of the Local Government Act 2002 from preparing a Statement of Intent and as a consequence has no Statement of Intent against which to compare the organisation's actual performance. There is therefore no statement of service performance for inclusion in the annual report.

Note 15: Reorganisation of Local Government in Auckland - transfer of assets, liabilities and operations

The reorganisation has impacted upon ARTNL Britomart Limited as follows:

- All property belonging to ARTNL Britomart Limited has vested in Auckland Transport.
- All money payable to or by ARTNL Britomart Limited has become payable to or by Auckland Transport.
- All rights, liabilities, contracts, entitlements and engagements of ARTNL Britomart Limited have become the rights liabilities, contracts, entitlements and engagements of Auckland Transport.
- Auckland Transport is delivering the services previously delivered by ARTNL Britomart Limited.

Breach of Local Government Act 2002

Section 67 of the Local Government Act 2002 requires the board of a council-controlled organisation to deliver its annual report to its shareholder, and make it available to the public, within three months of balance date. Auckland Regional Transport Network Limited and Group did not comply with this requirement by the statutory deadline of 31 January 2011.

The report was completed on 16 February 2011 and was made publicly available as soon as practical after that.

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Note 16: Amalgamation

On 31 December 2008 the ARTNL board resolved that ARTNL Britomart Limited amalgamate with ARTNL Metro Limited and ARTNL Harbour Berths Limited (being directly or indirectly wholly owned by Auckland Regional Transport Network Limited) pursuant to the provisions of Part 13 of the Companies Act 1993 with effect from 31 December 2008 and continue as ARTNL Britomart Limited.

The assets and liabilities of ARTNL Metro Limited and ARTNL Harbour Berths Limited were transferred to ARTNL Britomart Limited at their carrying amounts with the net carrying amount recognised in the Statement of Changes in Equity on the basis that the transfers are between companies under common control.

	ARTNL Metro Limited \$000	ARTNL Harbour Berths Limited \$000	Total \$000
Share Capital	50,007	28,569	78,576
Retained income/(deficit)	<u>(50,929)</u>	<u>(28,450)</u>	<u>(79,379)</u>
Net equity / (deficit)	<u>(922)</u>	<u> 119</u>	<u>(803)</u>

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Audit Report

**To the readers of
ARTNL Britomart Limited's
financial statements
for the 16-month period ended 31 October 2010**

The Auditor-General is the auditor of ARTNL Britomart Limited. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements included in the report of ARTNL Britomart Limited for the 16-month period ended 31 October 2010.

ARTNL Britomart Limited's financial statements have been completed by Auckland Transport pursuant to the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

Unqualified Opinion

In our opinion:

- The financial statements of ARTNL Britomart Limited on pages 9 to 22 that are prepared on a dissolution basis:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - ARTNL Britomart Limited's financial position as at 31 October 2010; and
 - the results of its operations and cash flows for the 16-month period ended on that date.
- Based on our examination ARTNL Britomart Limited kept proper accounting records.

The audit was completed on 16 February 2011, and is the date at which our opinion is expressed.

The basis of our opinion is explained below and refers to the financial statements being appropriately prepared on a dissolution basis due to the new local government structure for the Auckland region from 1 November 2010. In addition, we outline the responsibilities of ARTNL Britomart Limited, Auckland Transport and the Auditor, and explain our independence.

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

The financial statements are appropriately prepared on a dissolution basis due to the new local government structure for the Auckland region from 1 November 2010

On 1 November 2010 the Local Government (Tamaki Makaurau Reorganisation) Act 2009 dissolved ARTNL Britomart Limited and vested its assets and liabilities in Auckland Transport.

In forming our opinion, we considered:

- the accounting policy on pages 9 and 10 about the financial statements being prepared on a dissolution basis; and
- the disclosures regarding the effects of the dissolution in note 15.

We consider the basis of preparation of the financial statements and the related disclosures to be appropriate to ARTNL Britomart Limited's circumstances.

Responsibilities of ARTNL Britomart Limited, Auckland Transport and the Auditor

The Local Government (Tamaki Makaurau Reorganisation) Act 2009 required the report of ARTNL Britomart Limited for the 16 month period ended 31 October 2010 to be prepared by ARTNL Britomart Limited and completed by Auckland Transport.

Therefore, Auckland Transport is responsible to ensure that the report of ARTNL Britomart Limited includes financial statements that comply with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of ARTNL Britomart

Limited as at 31 October 2010. They must also give a true and fair view of the results of operations and cash flows for the 16-month period ended on that date.

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

Independence

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

Other than the audit, and the Auditor-General being the auditor of Auckland Transport, we have no relationship with or interests in ARTNL Britomart Limited.

A handwritten signature in black ink, appearing to read 'D Walker', with the date '10/2/11' written below it.

David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the ARTNL Britomart Ltd for the 16-month period ended 31 October 2010 included on the Auckland Transport's website. Auckland Transport's Board is responsible for the maintenance and integrity of Auckland Transport's website. We have not been engaged to report on the integrity of the Auckland Transport's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 16 February 2011 to confirm the information included in the audited financial statements and presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.