

# Financial Results for the Seven Months Ended 31 January 2013

This report summarises the Auckland Transport financial results for the seven months ended 31 January 2013.

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# Executive Summary

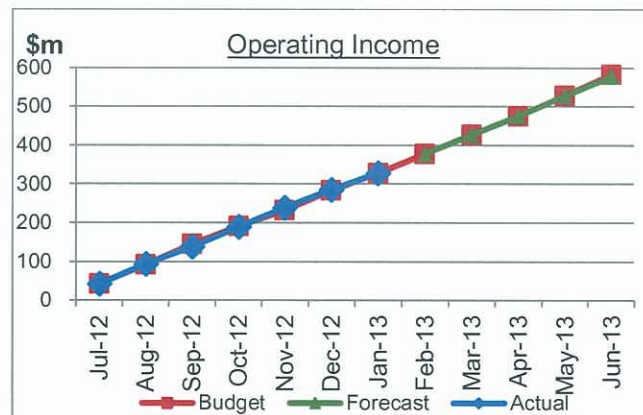
## Financial Results for the seven months ended 31 January 2013:

	Current month variance to Forecast \$m	Year to date variance to Forecast \$million	Year to date results	Year to date Actual \$million	Year to date Forecast \$million	Full year Forecast \$m	Full Year Budget \$million
Total operating income	(3.0)	(0.9)	↓ ●	329.3	330.2	578.7	583.6
Total operating expenditure	9.1	0.1	↓ ●	474.2	474.3	844.3	824.2
Surplus/(deficit) from operations	6.1	(0.8)	↓ ●	(144.9)	(144.0)	(265.6)	(240.6)
Income for capital projects	(3.7)	11.0	↑ ●	559.7	548.6	677.2	243.0
Net surplus/(deficit) before tax	2.4	10.2	↑ ●	414.8	404.6	411.6	2.4
Total capital expenditure	9.2	(0.8)	↑ ●	736.5	735.6	1,085.5	719.8

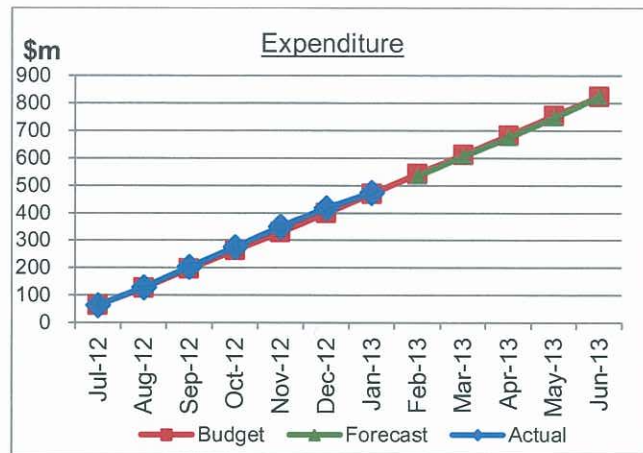
### Key to symbols used:

↔	: Within tolerable range	↑	: Above forecast, favourable variance
↓	: Below forecast, unfavourable variance	●	: Achieved forecast or better
↓	: Below forecast, favourable variance	●	: Monitoring, some action taken
↑	: Above forecast, unfavourable variance	●	: Action required

**Net surplus before tax year to date** is \$414.8m. This is \$10.2m favourable to the forecast surplus of \$404.6m due to higher than forecast income for capital projects of \$11.0m and lower than forecast operating expenditure of \$0.1m, partly offset by lower than forecast operating income of \$0.9m.

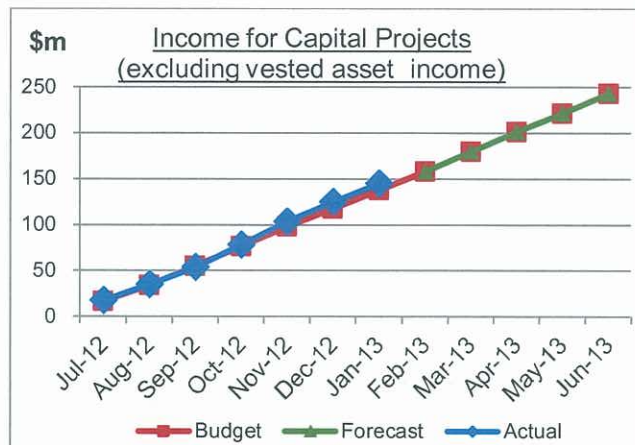


**Total operating income year to date** is \$0.9m unfavourable to forecast. This is mainly due to lower than forecasted parking income \$2.4m and rail income \$1.1m partly offset by \$2.1m unforecast reimbursement of street maintenance costs from Auckland Council and higher than forecast rental income of \$1.0m.

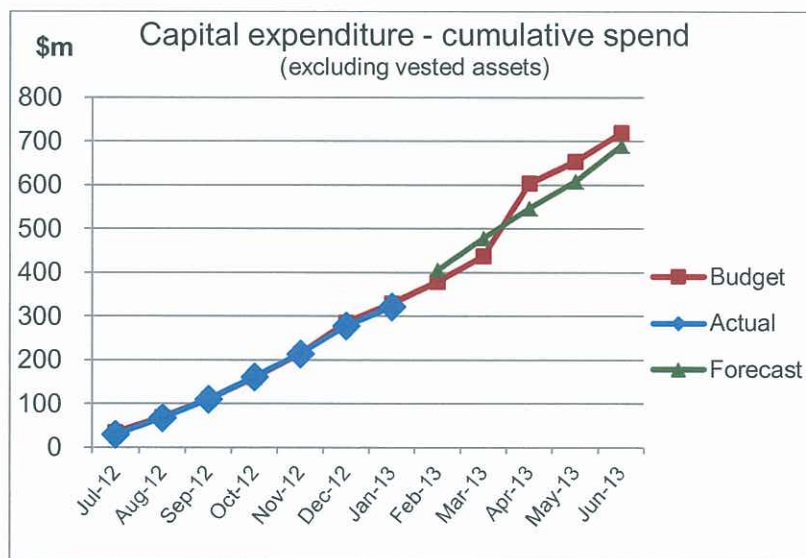
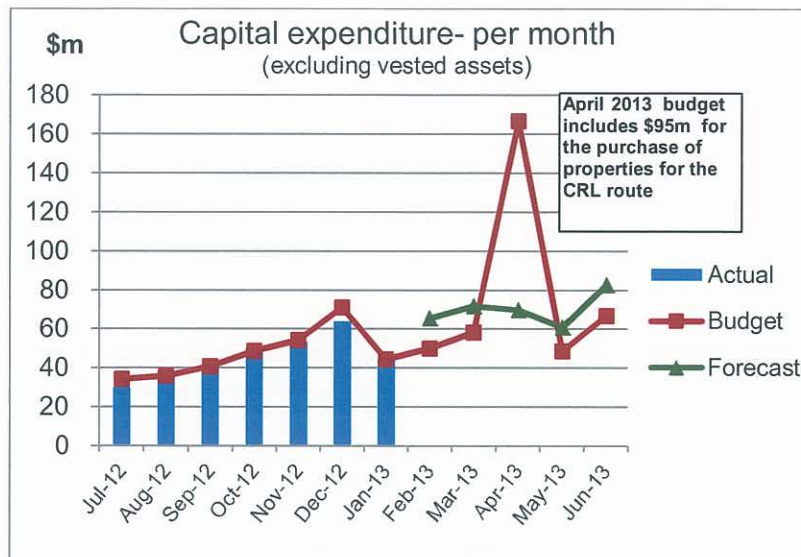


**Total operating expenditure year to date** is above forecast by \$0.1m mainly due to:

- \$6.3m favourable variance is due to an unrealised interest rate swap gain of \$7.9m partly offset by higher than forecast realised interest rate swaps loss of \$1.5m.
- \$3.3m lower than forecast expenditure on Public Transport facilities.
- \$9.1m of unforecast street maintenance costs.



**Income for capital projects year to date** is higher than forecast by \$11.0m due to higher than forecast \$19.5m vested asset income partly offset by \$8.5m NZTA capital funding being lower than forecast.



**Capital expenditure, excluding vested assets, year to date** was \$322.1m, which is \$18.7m lower than forecast due to new capital expenditure of \$9.0m and renewal capital expenditure \$3.9m and delayed spending on EMU project of \$5.8m.

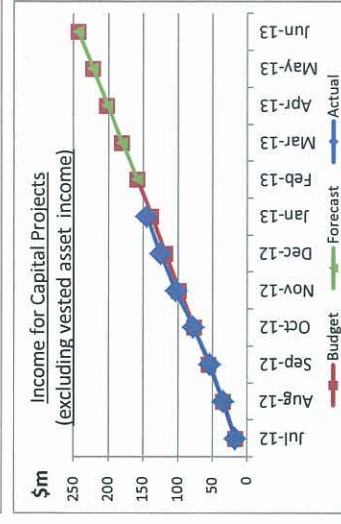
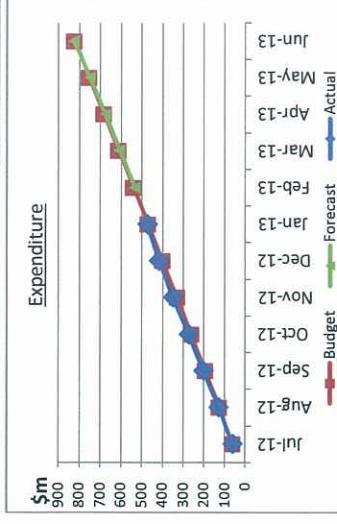
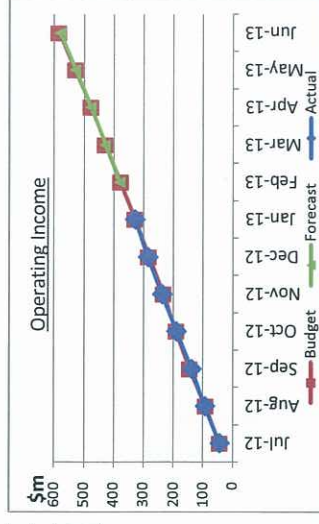
Capital expenditure is forecast to be under budget by \$29.2m mainly due to the reduction of \$66.5m in land purchase costs in the CRL project partly offset by increase of \$27m in AIFS and \$15.8m in NORSGA, AMETI projects. The total forecast programme for the year to June 2013 is \$690.6m.

The **asset position** is sound with net assets of \$14.0 billion at the end of January and cash flow funding arrangements are in place to ensure all liabilities can be met.

## Section 2a - Statement of Financial Performance for the seven months ended 31 January 2013

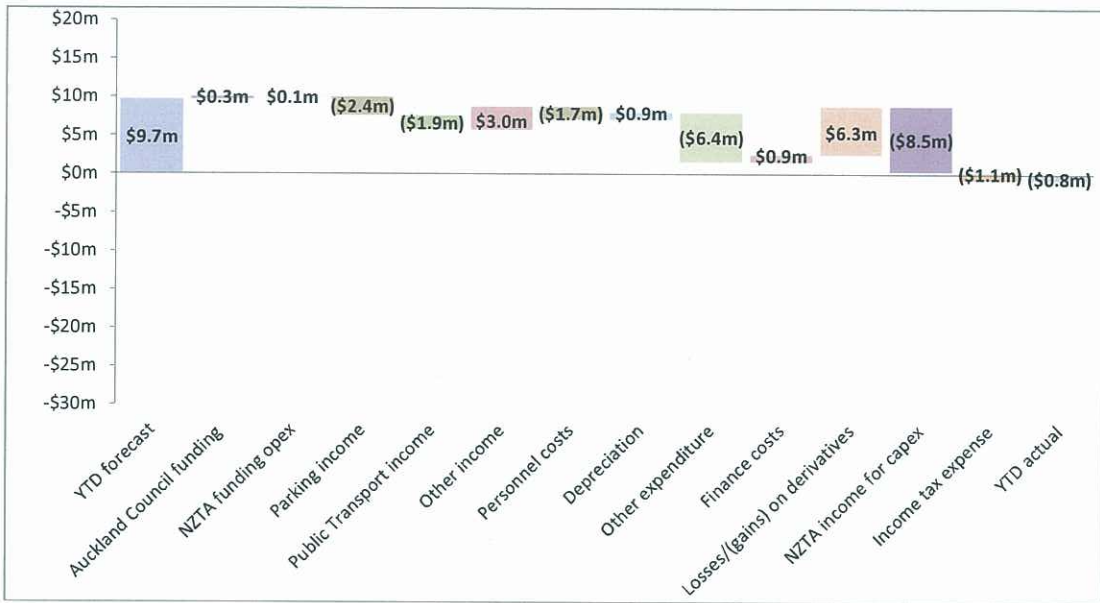
	Current month				Year to date				Full year			
	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Budget \$'000	Variance \$'000	Results achieved	
<b>Income</b>												
<u>Operating income</u>												
Auckland Council funding	18,228	17,946	282	125,902	125,619	283		222,347	215,347	7,000	●	
NZ Transport Agency	15,653	16,297	(644)	123,913	123,865	48		210,291	209,075	1,216	●	
Parking and enforcement income	4,687	6,662	(1,975)	38,376	40,806	(2,430)		77,971	79,946	(1,975)	●	
Public transport income	2,494	3,511	(1,017)	25,800	27,651	(1,851)		48,229	60,180	(11,951)	●	
Other revenue including other grants and subsidies	1,857	1,515	342	15,299	12,285	3,014		19,864	19,078	786	●	
<b>Total operating income</b>	<b>42,919</b>	<b>45,931</b>	<b>(3,012)</b>	<b>329,290</b>	<b>330,226</b>	<b>(936)</b>		<b>578,702</b>	<b>583,626</b>	<b>(4,924)</b>	●	
<b>Expenditure</b>												
Personnel costs	7,465	7,763	298	54,524	55,425	901		99,960	95,710	(4,250)	●	
Capitalised personnel costs	(1,484)	(1,957)	(473)	(12,547)	(15,111)	(2,564)		(24,669)	(26,310)	(1,641)	●	
Depreciation and amortisation expense	22,101	22,150	49	148,331	149,250	919		260,000	240,615	(19,385)	●	
Other expenses	33,007	36,390	3,383	280,596	274,203	(6,393)		492,782	501,965	9,183	●	
Finance costs (Electric Trains)	814	1,053	239	4,498	5,396	898		11,140	12,261	1,121	●	
Losses/(gains) on derivatives	(5,635)	-	5,635	(1,232)	5,109	6,341		5,109	-	(5,109)	●	
<b>Total operating expenditure</b>	<b>56,268</b>	<b>65,399</b>	<b>9,131</b>	<b>474,170</b>	<b>474,272</b>	<b>102</b>		<b>844,322</b>	<b>824,241</b>	<b>(20,081)</b>	●	
<b>Profit/(loss) from Operations</b>	<b>(13,349)</b>	<b>(19,468)</b>	<b>6,119</b>	<b>(144,880)</b>	<b>(144,046)</b>	<b>(834)</b>		<b>(265,620)</b>	<b>(240,615)</b>	<b>(25,005)</b>	●	
<u>Income for capital projects</u>												
NZ Transport Agency	10,003	13,705	(3,702)	72,925	81,419	(8,494)		158,343	119,076	39,267	●	
Auckland Council capital grant	10,329	10,329	-	72,303	72,303	-		123,949	123,949	-	●	
Other capital grants	-	-	-	10	10	-		10	-	10	●	
Vested asset income	-	-	-	414,433	394,895	19,538		394,895	-	394,895	●	
<b>Net surplus/(deficit) before tax</b>	<b>20,332</b>	<b>24,034</b>	<b>(3,702)</b>	<b>559,671</b>	<b>548,627</b>	<b>11,044</b>		<b>677,197</b>	<b>243,025</b>	<b>434,172</b>	●	
Income tax expense	6,983	4,566	2,417	414,791	404,581	10,210		411,577	2,410	409,167	●	
<b>Net surplus/(deficit) after tax</b>	<b>6,983</b>	<b>4,566</b>	<b>2,417</b>	<b>413,666</b>	<b>404,581</b>	<b>9,085</b>		<b>411,577</b>	<b>2,410</b>	<b>409,167</b>	●	

● : Largely on track  
● : Monitoring/some action  
● : Action required/taken



Section 2b - Net surplus/(deficit) waterfall

Net surplus/(deficit) - Year to date forecast to actual (excluding vested asset income)






Net surplus/(deficit) - Full year budget to forecast (excluding vested asset income)



**Section 2c - Financial results by activity  
For the seven months ended 31 January 2013**

Operational costs: (excluding income for capital projects)		Parking and Enforcement \$000	Public Transport \$000	Road Network \$000	Other \$000	Total \$000
YTD Actual/Forecast variance	Revenue - NZTA Revenue - Other Expenditure Net result	- (2,430) 1,309 (1,121)	1. (1,054) (1,851) 10,520 7,615	1,169 3,699 (9,986) (5,118)	(67) (402) (1,741) (2,210)	48 (984) 102 (834)
<b>Capital Expenditure:</b>						
YTD Actual/Forecast variance		818	11,262	6,936	(324)	18,692

1. Reduced NZTA income for Public Transport due to lower than budgeted expenditure on Public Transport facilities.
2. The favourable result for Public Transport of \$10.5m was due to \$6.3m variance against forecast for derivatives and \$0.9m reduced interest costs on Electric Train project, combined with lower than forecasted expenditure on Public Transport facilities.
3. Roading unfavourable expenditure variance of \$10m includes costs planned for in future months for street cleaning \$9.1m.

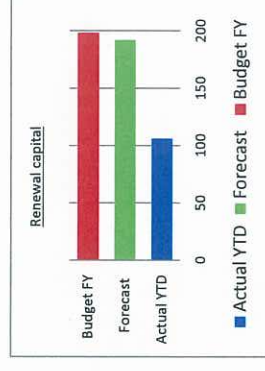
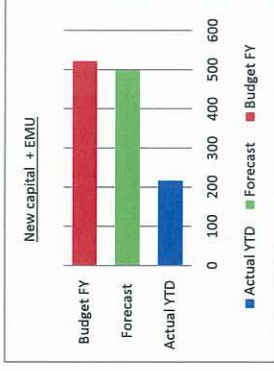
 : Largely on track  
 : Monitoring/minor action taken  
 : Action required/taken

## Section 3a - Summary of Capital Expenditure for the seven months ended 31 January 2013 Split by activity

	Current month			Year to date			Full Year	
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Results Achieved	Variance \$000
<b>New capital expenditure</b>								
Parking operations	118	396	278	1,419	1,912	493	●	5,229
Public transport	7,439	10,610	3,171	45,414	49,928	4,514	●	163,945
Roads	15,904	18,442	2,538	114,347	118,689	4,342	●	248,594
Other	483	249	(234)	4,026	3,702	(324)	●	7,556
<b>Total new capital</b>	<b>23,944</b>	<b>29,697</b>	<b>5,753</b>	<b>165,206</b>	<b>174,231</b>	<b>9,025</b>	●	<b>425,324</b>
								<b>23,576</b>
<b>Renewal capital expenditure</b>								
Parking operations	18	210	192	289	614	325	●	6,225
Public transport	123	410	287	1,658	2,620	962	●	10,223
Roads	14,254	17,512	3,258	104,025	106,619	2,594	●	181,662
Other	-	-	-	-	-	-	●	-
<b>Total renewal</b>	<b>14,395</b>	<b>18,132</b>	<b>3,737</b>	<b>105,972</b>	<b>109,853</b>	<b>3,881</b>	●	<b>192,496</b>
								<b>198,110</b>
<b>Electric motor units (EMUs)</b>								
Procurement	812	575	(237)	22,117	26,767	4,650	●	44,080
Depot	4,945	4,917	(28)	28,760	29,896	1,136	●	52,263
<b>Total EMUs</b>	<b>5,757</b>	<b>5,492</b>	<b>(265)</b>	<b>50,877</b>	<b>56,663</b>	<b>5,786</b>	●	<b>96,343</b>
								<b>96,343</b>
<b>Total direct capital</b>	<b>44,096</b>	<b>53,321</b>	<b>9,225</b>	<b>322,055</b>	<b>340,747</b>	<b>18,692</b>		<b>690,587</b>
								<b>719,777</b>
Vested assets	-	-	-	414,433	394,895	(19,538)		394,895
								<b>(394,895)</b>
<b>Total capital</b>	<b>44,096</b>	<b>53,321</b>	<b>9,225</b>	<b>736,488</b>	<b>735,642</b>	<b>(846)</b>		<b>1,085,482</b>
								<b>719,777</b>
								<b>(365,705)</b>

### Notes: (Year to date)

- \$0.5m favourable variance in parking is mainly due to delay on car park building works.
- \$4.5m favourable variance in public transport is mainly due to \$4.8m favourable variance in AIFS project (projects delays) partly offset by \$0.4m unfavourable variance in the CRL project (in support of the 2012/2013 objectives of CRL, it is anticipated that the project will exceed the forecast)
- \$4.3m favourable variance in roads is mainly due to \$5.3m favourable variance on road construction across region that has not yet started pending approval from NZTA; \$0.9m favourable variance on Glenfield Road widening (Project costs charged to Watercare 6 months earlier than we expected); partly offset by \$2.0m unfavourable variance on NORSGA Plant Change 15 Massey North (advancement of construction but full year spend is expected to be within approved forecast)
- \$0.3m unfavourable variance in others is mainly due to \$0.4m overspending on Wi Fi AT office and Rail fibre.
- \$0.3m favourable variance in parking renewals due to delay on enforcement equipment and off-street carpark renewal works.
- \$1.0m favourable variance in public transport renewal is mainly due to \$0.2m underspend on rolling stock as it is still in decision stage; \$0.8m underspend on rail station renewals.
- \$2.6m favourable variance in roads renewal is mainly due to Technical Support Service contracts in the South, North and West areas are behind the forecast (finalisation of purchase orders) and pavement resurfacing and rehabilitation in West area is behind the forecast (works are held up by Watercare subcontractors and noise issues).
- \$4.6m favourable variance in the EMU procurement is mainly due to design documentation not yet completed; \$1.1m favourable variance in the EMU depot project is mainly due to connection not yet completed by Kiwirail. The completion date and overall cost of EMU project is not expected to be affected.



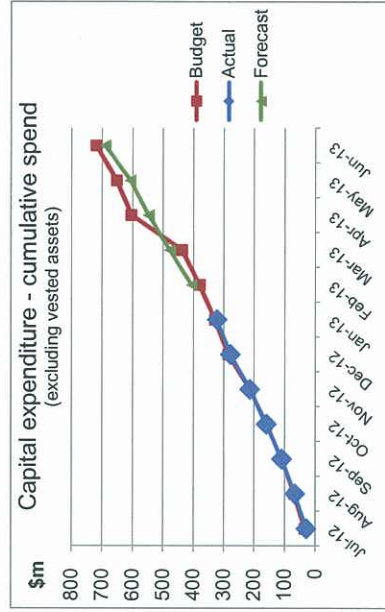
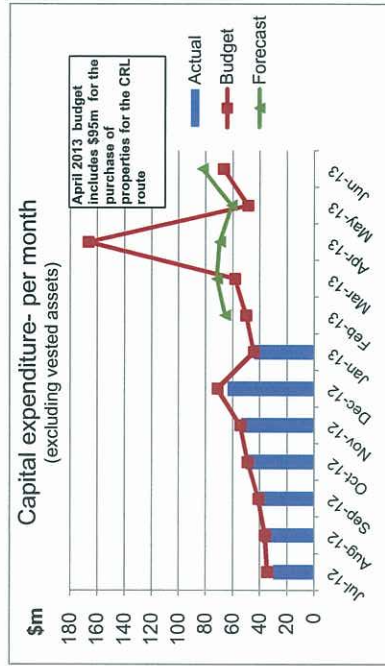
● : Largely on track  
● : Some issues or risks  
● : Project issues or risks



### Section 3b - Capital Expenditure Funding for the seven months ended 31 January 2013

Funding	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
NZTA - new capital	5,032	7,573	(2,541)	41,189	47,927	(6,738)	111,971	88,875	22,096
NZTA - renewal capital	4,971	6,132	(1,161)	31,736	33,492	(1,756)	46,372	29,201	17,171
Other grants and subsidies	-	-	-	10	10	-	10	-	10
Auckland Council funding (Non EMU)	28,336	34,124	(5,788)	198,243	202,655	(4,412)	435,891	519,011	(83,120)
Auckland Council loan (EMU)	5,757	5,492	265	50,877	56,663	(5,786)	96,343	81,690	14,653
Vested assets	-	-	-	414,433	394,895	19,538	394,895	-	394,895
<b>Total funding</b>	<b>44,096</b>	<b>53,321</b>	<b>(9,225)</b>	<b>736,488</b>	<b>735,642</b>	<b>846</b>	<b>1,085,482</b>	<b>719,777</b>	<b>365,705</b>

Funding split - Budget



**Section 4a - Statement of Financial Position  
As at 31 January 2013**

	Note	Actual 31 January 2013 \$000	Actual 31 December 2012 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	23,008	16,459
Trade and other receivables	2	117,834	128,726
Inventories		5,105	5,044
Other assets		10,817	16,668
<b>Total current assets</b>		<b>156,764</b>	<b>166,897</b>
<b>Non-current assets</b>			
Property, plant and equipment - assets		13,550,299	13,745,780
Property, plant and equipment - work-in-progress		620,561	596,925
Intangible assets		34,323	34,341
Amounts due from related parties		46,000	46,000
Other non-current assets		28,456	28,456
<b>Total non-current assets</b>		<b>14,279,639</b>	<b>14,451,502</b>
<b>Total assets</b>		<b>14,436,403</b>	<b>14,618,399</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivative financial instruments	3	8,618	7,507
Trade and other payables	4	127,111	140,740
Employee benefit liabilities	5	8,513	8,320
Borrowings	6	855	832
<b>Total current liabilities</b>		<b>145,097</b>	<b>157,399</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	3	55,283	57,735
Employee benefit liabilities	5	900	900
Borrowings	6	179,324	179,407
Deferred tax liability	7	12,145	12,145
<b>Total non-current liabilities</b>		<b>247,652</b>	<b>250,187</b>
<b>Total liabilities</b>		<b>392,749</b>	<b>407,586</b>
<b>Net assets</b>		<b>14,043,654</b>	<b>14,210,813</b>
<b>Equity</b>			
Contributed equity		12,671,595	12,647,591
Retained earnings/(losses)		262,857	449,728
Reserves		1,109,202	1,113,494
<b>Total equity</b>		<b>14,043,654</b>	<b>14,210,813</b>

## Section 4b - Notes to the Financial Statements As at 31 January 2013

	Actual 31 January 2013	Actual 31 December 2012
	\$000	\$000

### 1 Cash and cash equivalents

Cash at bank - Trading	4,829	6,126
Cash at bank - AIFS	891	1,005
Till floats	191	191
Cash investment with Auckland Council	17,097	9,137
<b>Total cash and cash equivalents</b>	<b>23,008</b>	<b>16,459</b>

The carrying value of cash and cash equivalents approximates their fair value.

Auckland Transport operates a restricted bank account for Auckland Integrated Fares System (AIFS). This account is used for the deposit of unused stored value on AT HOP cards and is therefore considered restricted funds.

### 2 Trade and other receivables

Trade debtors	2,689	2,467
Infringements receivable	13,969	14,902
Amounts due from related parties	67,980	64,076
Accrued income	29,150	37,172
Goods and services tax	4,791	10,854
	<b>118,579</b>	<b>129,471</b>
Less provision for impairment of receivables	(745)	(745)
<b>Total trade and other receivables</b>	<b>117,834</b>	<b>128,726</b>

The carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables as there are a large number of customers.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The ageing profile of receivables at 31 January 2013 is detailed below:

	Gross \$000	Impaired \$000	Net \$000
Not past due	99,461	-	99,461
Past due 1 - 30 days	1,950	-	1,950
Past due 31 - 60 days	2,554	-	2,554
Past due 61 - 90 days	1,570	-	1,570
Past due > 90 days	13,044	(745)	12,299
	<b>118,579</b>	<b>(745)</b>	<b>117,834</b>

All receivables greater than 30 days in age are considered to be past due.

The provision for impairment of receivables has been calculated on an individual basis. The provision is based on a review of significant debtor balances. Receivables are assessed as impaired due to significant financial difficulties being experienced by the debtor, and Auckland Transport management concluding that it is remote that the overdue amounts will be recovered.

Movements in the provision for impairment of receivables are as follows:

	<b>Actual \$000</b>
At 1 July 2012	792
Additional provisions made	75
Provisions reversed	(122)
Receivables written-off	-
<b>At 31 January 2013</b>	<b>745</b>

## Section 4b - Notes to the Financial Statements As at 31 January 2013

	Actual 31 January 2013	Actual 31 December 2012
	\$000	\$000

### 3 Derivative financial instruments

#### Current liability portion

Forward foreign exchange contracts - cash flow hedges	8,370	7,261
Forward foreign exchange contracts - not hedge accounted	248	246
<b>Current derivative financial instruments</b>	<b>8,618</b>	<b>7,507</b>

#### Non-current liability portion

Interest rate swaps - cash flow hedges	26,150	31,787
Forward foreign exchange contracts - cash flow hedges	29,133	25,948
<b>Non-current derivative financial instruments</b>	<b>55,283</b>	<b>57,735</b>

#### Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

##### *Forward foreign exchange contracts - not hedge accounted*

The notional principal amount of outstanding forward foreign exchange contracts that were not hedge accounted was NZD \$853k. The foreign currency principal amount was EUR 375k. The loss on their revaluation of \$248k has been recorded in the Statement of Financial Performance.

##### *Forward foreign exchange contracts - hedge accounted*

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$345m. The foreign currency principal amount was USD 245m. These cash flow hedges have been accounted for as effective and the loss of \$37.5m on their revaluation has been transferred to the cash flow hedge reserve within equity.

#### Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The notional principal amount of the outstanding interest rate swap contracts was \$397m. At 31 January 2013 the fixed interest rates of cash flow hedge interest rate swaps varied from 4.9% to 5.4%.

### 4 Trade and other payables

Creditors	24,141	30,574
Accrued expenses	80,234	84,041
Retentions	6,794	6,732
Amounts due to related parties	13,781	16,954
Income in advance	2,161	2,439
	<b>127,111</b>	<b>140,740</b>

Creditors and other payables are non-interest bearing and are normally settled on 20-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

**Section 4b - Notes to the Financial Statements  
As at 31 January 2013**

	Actual 31 January 2013	Actual 31 December 2012
	\$000	\$000

**5 Employee benefit liabilities**

**Current portion**

Accrued salaries and wages	2,997	2,016
Accrued leave	5,516	6,304
<b>Current employee benefit liabilities</b>	<b>8,513</b>	<b>8,320</b>

**Non-current portion**

Retirement gratuities	383	383
Long service leave	517	517
<b>Non-current employee benefit liabilities</b>	<b>900</b>	<b>900</b>

**6 Borrowings**

**Current portion**

Loans from Auckland Council	855	832
<b>Current borrowings</b>	<b>855</b>	<b>832</b>

**Non-current portion**

Loans from Auckland Council	179,241	179,322
Finance Leases	83	85
<b>Non-current borrowings</b>	<b>179,324</b>	<b>179,407</b>

Weighted average cost of funds on total borrowings	5.32%	5.32%
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Auckland Transport's loan debt of \$180,096,180 is issued at fixed rates of interest ranging from 4.20% to 6.06%. The interest rate on finance leases is 3%.

**7 Deferred tax liability**

Actual  
31 January 2013

	Property, plant and equipment	Other provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2012	(11,020)	-	-	(11,020)
Charged to profit and loss	(1,125)	-	-	(1,125)
Charged to equity	-	-	-	-
<b>Balance at 31 January 2013</b>	<b>(12,145)</b>	<b>-</b>	<b>-</b>	<b>(12,145)</b>

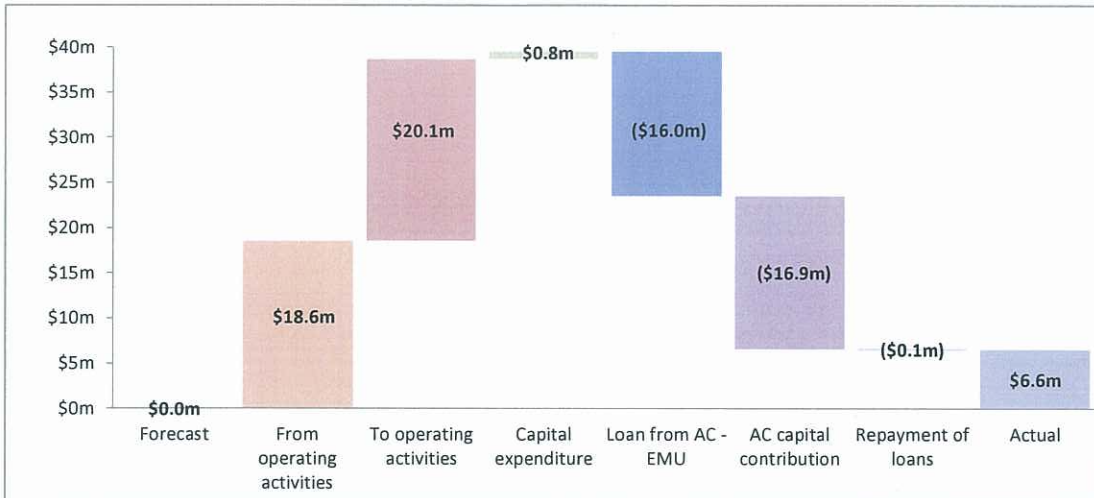
## Section 5a - Cash Flow Rolling Forecast as at 31 January 2013

	Current month		Forecast rolling 3 months		
	Actual \$000	Forecast \$000	Forecast Feb 2013 \$000	Forecast Mar 2013 \$000	Forecast Apr 2013 \$000
<b>Cash flows from operating activities</b>					
Total cash provided	81,435	62,888	62,888	62,888	62,888
<b>Cash applied to:</b>					
Payments to suppliers, employees and directors	45,529	67,394	67,394	65,734	57,638
Interest paid	1,737	-	-	-	-
<b>Total cash applied</b>	<b>47,266</b>	<b>67,394</b>	<b>67,394</b>	<b>65,734</b>	<b>57,638</b>
<b>Net cash from operating activities</b>	<b>34,169</b>	<b>(4,506)</b>	<b>(4,506)</b>	<b>(2,846)</b>	<b>5,250</b>
<b>Cash flows from investing activities</b>					
<b>Cash provided from:</b>					
Sale of property, plant and equipment	-	-	-	-	-
<b>Total cash provided</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash applied to:</b>					
Capital expenditure projects	43,604	44,416	44,416	50,076	58,172
<b>Total cash applied</b>	<b>43,604</b>	<b>44,416</b>	<b>44,416</b>	<b>50,076</b>	<b>58,172</b>
<b>Net cash from investing activities</b>	<b>(43,604)</b>	<b>(44,416)</b>	<b>(44,416)</b>	<b>(50,076)</b>	<b>(58,172)</b>
<b>Cash flows from financing activities</b>					
<b>Cash provided from:</b>					
Loan from Auckland Council - EMU	-	16,000	16,000	20,000	20,000
Capital contribution from Auckland Council	16,043	32,922	32,922	32,922	32,922
<b>Total cash provided</b>	<b>16,043</b>	<b>48,922</b>	<b>48,922</b>	<b>52,922</b>	<b>52,922</b>
<b>Cash applied to:</b>					
Repayments of EMU loan from Auckland Council	57	-	-	-	-
Repayments of finance lease principal	2	-	-	-	-
<b>Total cash provided</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from financing activities</b>	<b>15,984</b>	<b>48,922</b>	<b>48,922</b>	<b>52,922</b>	<b>52,922</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>6,549</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
Opening cash balance	16,459	-	-	-	-
<b>Closing cash balance</b>	<b>23,008</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities		Current month
		\$000
Surplus/(deficit) after tax		6,983
<b>Add/(less) non cash items</b>		
Vested asset		-
Depreciation and amortisation		22,100
Loss in fair value of derivatives		(5,634)
Loss on disposal of asset		-
		<b>16,466</b>
<b>Add/(less) movements in working capital</b>		
Decrease/(Increase) in trade and other receivables		22,452
Decrease/(Increase) in inventories		(61)
(Decrease)/Increase in accounts payable and accruals		(11,701)
(Decrease)/Increase in employee benefits payable		193
(Decrease)/Increase in other liabilities		(163)
		<b>10,720</b>
<b>Net cash flow from operating activities</b>		<b>34,169</b>

Section 5b - Cash flow

Cash flow - Current month forecast to actual



## Section 6 - Accounts Receivable and Accounts Payable Monthly Report.

### Accounts Receivable

An overview of the Debtors as at 31 January has 63% of adjusted Debtors in 30 and 60 days. The 34% of adjusted Debtors in 90 days, includes an invoice for \$318k for one of the telco's which at this stage has not been flagged as either doubtful or in dispute. Property are continuing discussions and will report back within the next month. A number of payments have been received in February for outstanding amounts shown in the 90, 120 and 120+ days of this report.

#### Debtors Ageing Analysis as at 31 January 2013

<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
<b>Debtors Ageing 31 Jan</b>	<b>92</b>	<b>7,495,681</b>	<b>4,206,930</b>	<b>829,538</b>	<b>636,538</b>	<b>155,279</b>	<b>1,667,396</b>	
		100.0%	56.1%	11.1%	8.5%	2.1%	22.2%	
O/s Related Parties	na	4,805,788	3,638,718	381,368	69,764	131,903	584,035	1
<b>Trade Debtors</b>	<b>88</b>	<b>2,689,893</b>	<b>568,211</b>	<b>448,170</b>	<b>566,775</b>	<b>23,376</b>	<b>1,083,362</b>	
		100.0%	21.1%	16.7%	21.1%	0.9%	40.3%	
Debtors Paid to AC	207	767	0	0	0	383	383	2
Queried Invoices	230	309,496	0	189	9,587	3,609	296,112	3
Cell Sites - Property	304	711,307	0	0	0	0	711,307	4
To Baycorp (Collection)	341	12,978	0	0	0	524	12,455	5
Payment Arrangement	62	1,163	0	0	1,163	0	0	6
Lodged Courts (Damages)	114	38,751	3,670	0	11,104	210	23,767	7
<b>Adjusted Debtors</b>	<b>N/a</b>	<b>1,615,431</b>	<b>564,541</b>	<b>447,981</b>	<b>544,921</b>	<b>18,650</b>	<b>39,338</b>	
		100.0%	34.9%	27.7%	33.7%	1.2%	2.4%	

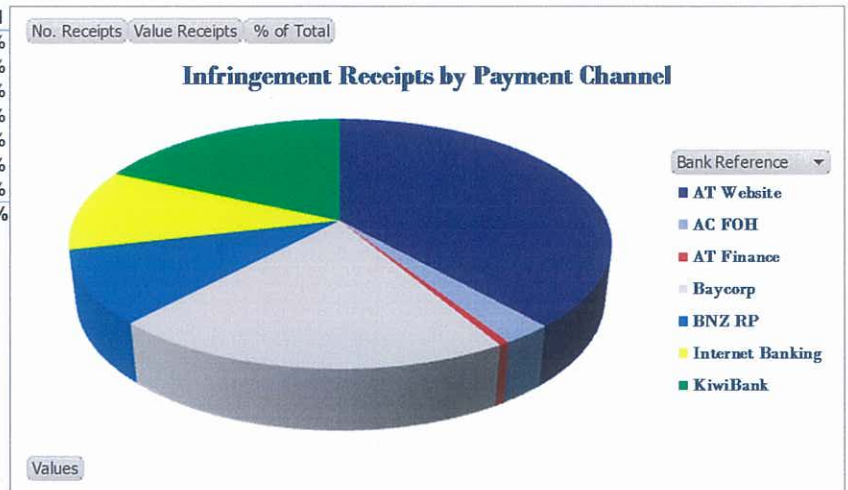
- 1 - This section relates to amounts owed by related parties (inter-company).
- 2 - These are debtors who paid AC in error. We are working with AC to rectify these problems.
- 3 - A number of invoices have been queried by the Debtors concerned and we are working with them and the relevant Departments in an effort to resolve these queries. The bulk of the outstanding amount is made up of 2 invoices currently being worked on by Property.
- 4 - Property are currently working to resolve on-going issues around outstanding amounts relating to rental of cell sites. An amount of \$788,791 was impaired at 30 June as they were considered doubtful. This has been revised down to \$711k.
- 5 - These are amounts which may be written off in the future. All amounts written off are approved by the CFO in accordance with accepted practice. A number of Debtors have been handed over to Baycorp for collection.
- 6 - We have agreed payment terms with a few slow paying Debtors rather than handing them over to Baycorp. These are closely monitored to ensure that payments are received on agreed dates. A number of these were paid up during the last month.
- 7 - Lodged at Court relates to matters where AT is recovering damages from road accidents investigated by the Police. Many of the matters are being paid off at a nominal amount per week as instructed by the Courts.



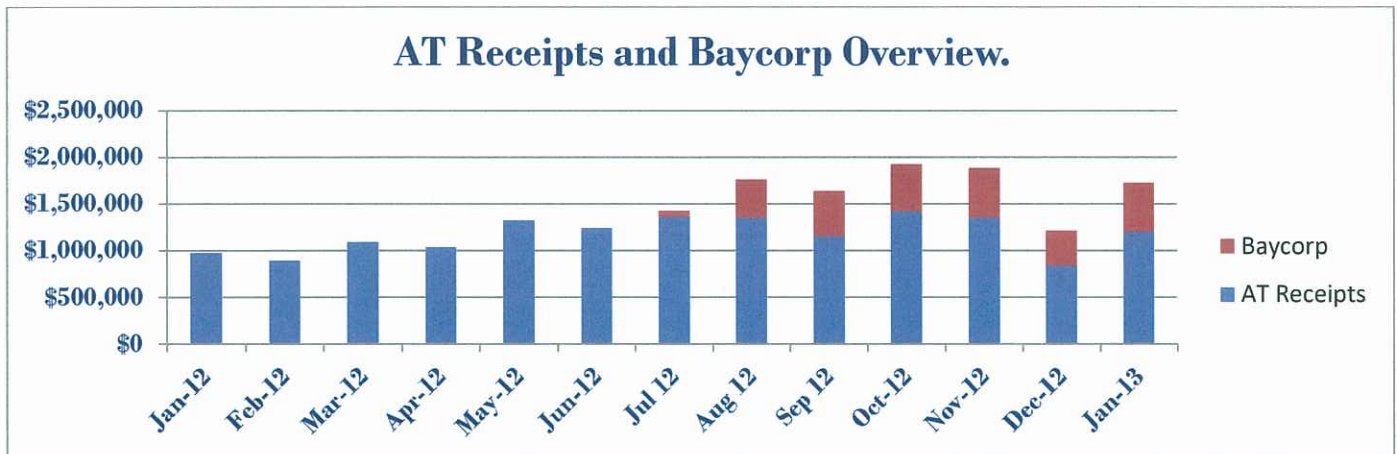
## Infringement Overview

December and January are historically the lowest receiving months of the year. December 2012 was approximately 24% up on December 2011, while January 2013 is 60% up on January 2012.

Row Labels	No. Receipts	Value Receipts	% of Total
AT Website	10,740	\$563,110	38.5%
AC FOH	720	\$63,143	2.6%
AT Finance	142	\$4,219	0.5%
Baycorp	5,648	\$468,980	20.3%
BNZ RP	2,622	\$177,262	9.4%
Internet Banking	2,953	\$163,647	10.6%
KiwiBank	5,052	\$286,406	18.1%
<b>Grand Total</b>	<b>27,877</b>	<b>\$1,726,767</b>	<b>100.0%</b>



The manner in which our customers pay their infringements has changed over the past few months. Baycorp now have 20% of the receiving. Fewer customers are sending in cheques (BNZ RP) and we have noticed an increase in Internet Banking recently. The number of customers making use of Council cashiers is decreasing monthly with only 720 customers (2.7%) using the facility in January.



The following graph illustrates receiving patterns between July and January for 2011/12 and 2012/13 years. Receiving from July 12 to January 13 is up 34.4% over the same period last year.

