

Whanganui Port Limited Partnership

Annual Report

For the year ended 30 June 2025



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Partnership Report

I am pleased to report on the performance of the Whanganui Port Limited Partnership for the year ended 30 June 2025. The Limited Partnership has achieved a loss of \$205k, predominantly due to an increase in Te Pūwaha Project Costs of \$1,213k in FY25 compared to \$138k in FY24. Excluding Gain with revaluation and selling of assets and Te Pūwaha Project Costs the end of year result would have been a gain of \$590k in FY25.

Overview

Whanganui Port General Partner Limited (Port GP) is in partnership with Whanganui District Council, the Limited Partner, in the Whanganui Port Limited Partnership. The Limited Partnership is a stand-alone legal entity which owns the Harbour Endowment land and port assets. Port GP is the General Partner in the Limited Partnership and provides the governance function to the Limited Partnership including the management of the port and Harbour Endowment assets and operations.

Under the terms of the Limited Partnership, Port GP is responsible for the rebuilding of the port wharves and associated infrastructure and the running of the operations of the port, in addition to the management of the Harbour Endowment portfolio.

The rebuilding of the wharves is one of four strands of work under the larger Te Pūwaha project which aimed at revitalising Whanganui's port and associated lower river infrastructure.

Te Pūwaha: The Whanganui Port Revitalisation Project

Port GP is responsible for the rebuilding of the port wharves and associated infrastructure as part of Te Pūwaha: the Whanganui Port revitalisation project. Upon completion of Te Pūwaha, Whanganui will have enhanced flood protection and a modern purpose-built marine precinct, securing the Whanganui Port as a community asset for the next 50 years and beyond.

The historic wharves which comprise the Whanganui Port were neglected and urgently need restoration. Without this work, the existing port operations would be limited to Wharf 1 as has been the case for the last few years.

The Port GP infrastructure project includes:

- Upgrading 450m of wharves.
- Development of marine infrastructure.
- Provision of a hardstand and runway suitable for a mobile boat hoist with a 380-tonne lift capacity to enable boats to be lifted in and out of the water.
- Improving dredging capabilities to secure the long-term safe use of the wharves and public slipway.

Stage One construction works for the Whanganui Port rebuild is almost complete, comprising heavy pavement vessel hardstand and concrete structures out over the Whanganui River, capable of carrying a 380-tonne capacity mobile boat hoist. Construction of a specialist water treatment plant to service the vessel maintenance heavy pavement is underway and expected to be completed in October 2025.

As at 30 June 2025 construction works on Wharf 3 had commenced, due for completion in 2026. This work was advanced due to accelerated erosion which had resulted in loss of ground material from behind the old wharf structure. Planning for Stage Two and the new boat building facility has taken

longer than originally planned but both are well underway with construction expected to commence late 2025.

Ongoing management of contaminated ground within the development site continued to be an issue during FY25 due to the emerging volume of material involved. Planning is underway to dispose of surplus contaminated materials that cannot be reused on site by the end of 2025. Although ground contamination on port developments such as these are typical, the extent and the impact of the issue has exceeded expectations.

Dredging of a navigable channel from the Wharf Street boat ramp to the main river channel commenced in early 2025 and was completed by March 2025. Dredging was undertaken by the sidecasting method with an amphibious excavator, followed by a cutter suction trial with the same machine. Following a successful trial the cutter suction dredge has continued operation to increase the dredged depths needed for an operational port. Work on the revised application for the long-term dredging requirements for the port is well underway with target completion by the end of 2025.

Te Awa Tupua Way of Working

Te Awa Tupua Act was enacted to implement the historical Treaty Settlement with Whanganui Iwi in relation to the Whanganui River. Te Awa Tupua represents a new beginning in terms of respect for the Whanganui River and recognition of the inalienable connection between Whanganui Iwi and the Whanganui River. This is a detailed set of legislation which includes a range of mechanisms to recognise the Whanganui River as Te Awa Tupua and to provide legal expression to the relationship between Whanganui Iwi and the River.

A fundamental driver for the Limited Partnership is the requirement for all organisations to uphold the values of Tupua te Kawa and the intrinsic values that represent the essence of Te Awa Tupua, and ensure we continue to work with the hapū collective that invites participation from all hapū with interest.

Harbour Endowment Properties

From an opening balance of \$30.665m on 1 July 2024, the property portfolio closing balance was \$31.280m, an increase of \$615k.

Rental revenue from the investment properties decreased from \$1.576m in FY24 to \$1.523m in FY25, a decrease of \$53k due primarily to the sale of Wakefield Chambers in May 2024.

The review of the investment properties planned for FY25 is now expected to be completed in FY26. The purpose of the review is to evaluate performance and strategy for each asset, including potential divestment of poor performing assets and those public good and iwi sensitive assets that are more suited to ownership by the Whanganui District Council.

Governance

The partners of the Limited Partnership have delegated governance and statutory management responsibilities to Port GP via the Whanganui Port Limited Partnership Agreement.

Auditors

The Limited Partnership's Auditors are Audit New Zealand who act on behalf of The Office of the Auditor-General and will continue to do so as required by legislation.

Thanks

I would like to express my appreciation to my fellow directors on Port GP and to the many people involved in the activities of the Limited Partnership in the delivery of the Limited Partnership objectives. Special thanks to Te Pūwaha, Te Mata Pūau and the other iwi and hapu representatives that in partnership with the project partners have ensured that the innate values of Te Awa Tupua are integral to everything we do.

A handwritten signature in blue ink, appearing to read 'Mark Petersen', with a stylized flourish at the end.

Mark Petersen
On behalf of the General Partner

Statement of service performance

For the year ended 30 June 2025

Whanganui Port Limited Partnership (WPLP)

Objectives

1.1 The WPLP Primary objectives are to manage and operate the Whanganui Port, including upgrades and developments as part of the larger Whanganui Port Infrastructure Project (Te Puwaha).

The board has closely monitored the performance of all the activities that form part of WPLP. During Board meetings stakeholders report back to directors on various activities.

1.1.1 Te Puwaha project has been developed in terms of both economic development for the region, as well as increasing recreational and commercial activity of the port.

The Board has closely monitored the Te Pūwaha project with active participation by the General Manager. This includes updates during board meetings as well as a regular catch-up between directors and the Stage 1 project manager.

1.1.2 Harbour Endowment portfolio is about managing the Endowment Land in accordance with the Whanganui Harbour Act 1988.

The Board has closely monitored the performance of the investment portfolio. WPLP has worked with WDC staff to monitor current investment and develop new investment opportunities, with regular feedback being provided to its shareholder.

1.1.3 Sea Port Operations are about managing and operating the Whanganui Port.

The Board has closely monitored Port Operation activities. Port staff monitor current activities for compliance and to ensure an effective and efficient operation at the Port. This includes capital investment in Port Operations to help building a sustainable future proof business.

Performance targets

Objective	Performance metric	Outcome
The forecast performance targets for the next three years are:		
1. Ensure compliance with all agreements including those with Crown and the Whanganui Port Limited Partnership including the Security holders agreements, Partnership Agreement and Operating Agreement.	<ul style="list-style-type: none"> Compliance with all agreements. Maintain a legal overview of all terms and agreements. WPLP will produce reports in accordance with the Local Government Act 2002 and generally accepted accounting practice. The financial statements will be prepared and audited by 30 September. WPLP will produce monthly management reports in accordance with WDC management reporting systems. 	<ul style="list-style-type: none"> Fully compliant, no issues. 30 June'24 Annual report was signed off by statutory deadline. Board and WDC Finance team will ensure 30 June'25 financials are signed off by auditors prior to 30 Sep'25. External legal team reviewed documents with all being compliant.
2. Deliver the port revitalisation as specified by the Security holders agreement	<ul style="list-style-type: none"> Project delivery underway as per Security holders agreement. Condition precedents all being met with Kānoa. 	<ul style="list-style-type: none"> Compliant with the objective.
3. Manage port operations and property endowment portfolio as set out in the Partnership Agreement.	<ul style="list-style-type: none"> Professional Property services used. Property and Facilities Management: Management of the Whanganui Port property portfolio (including the Endowment Land) as per Service Level Agreement. Port Operations: Undertake all day-to-day matters relating to the operation of the Whanganui Port as per Service Level Agreement. 	<ul style="list-style-type: none"> Property being managed as per objective with regular reporting to directors. Port Operations being managed as per objective with regular reporting to directors.
4. Manage revenue and cost lines to enable the partnership to be at least break even	<ul style="list-style-type: none"> Board and staff managing revenue as per objective. Monthly reporting to board meetings which include actuals to budget variance as well as cash flow reporting. Major proposed capital reported to Directors for their approval. 	<ul style="list-style-type: none"> Revenue being managed as per objective. Directors ensure enough funds are available before committing to major expenses.

Statement of comprehensive revenue and expense Variations to budget for year ended 30 June'25

	Actuals \$000	Budget \$000	Variance \$000
Revenue			
Operating revenue	368	416	(48)
Rental income	1,556	1,622	(66)
Interest received	572	200	372
Other revenue	316	300	16
Gain on selling of Asset	-	-	-
Gain on revaluation Investment Property	418	-	418
	3,230	2,538	692
Expenses			
Depreciation	312	340	28
Audit fees for the review of financial statements	50	20	(30)
Rates and Insurance	462	594	132
Management Fees	700	796	96
Repairs and Maintenance	306	440	134
Consultancy & Contractor costs	69	137	68
Te Pūwaha project costs	1,213	-	(1,213)
Legal Fees	96	69	(27)
Cleaning & Sanitation	23	42	19
Compliance Cost	41	40	(1)
Other expenses	164	253	89
	3,435	2,731	(704)
Profit / (Loss)	(205)	(194)	(11)

Major Budget variances (P&I):

Te Pūwaha income: Increased income relates to Interest received for Te Pūwaha funds.

Te Pūwaha costs: Budget was set at Capex level but some costs are of an Opex nature.

Statement of financial position variations to budget As at 30 June 2025

	Actuals \$000	Budget \$000	Variance \$000
Assets			
Current assets			
Cash and cash equivalents	10,126	1,157	8,969
Other financial assets	-	-	-
Debtors and other receivables	1,132	685	447
	11,258	1,842	9,416
Non-current assets			
Property, plant and equipment	37,053	56,796	(19,743)
Investment property	31,280	30,665	615
	68,333	87,461	(19,128)
Total assets	79,591	89,303	(9,712)
Liabilities			
Current liabilities			
Trade & other payables	1,720	1,421	(299)
	1,720	1,421	(299)
Non-Current liabilities			
Borrowings & other financial liabilities	12,400	12,400	-
	12,400	12,400	-
Total liabilities	14,120	13,821	(299)
Net assets	65,471	75,482	(10,011)
Equity			
Limited Partnership units	45,602	55,602	10,000
Accumulated funds	19,869	19,880	11
	65,471	75,482	10,011

Major Budget variances:

Property, plant and equipment: Phasing of costs with Project delays and scope changes.

Limited Partnership units: Phasing - less WDC capital required with project delays, carried over.

Cash and cash equivalents: Project delays resulted in additional cash at year end.

Statement of equity Variations to budget for year ended 30 June'25

	Actuals \$000	Budget \$000	Variance \$000
Balance at 1 July	60,676	60,676	-
Comprehensive revenue and expense			
Total comprehensive income for the year	(206)	(194)	(12)
Transactions with shareholders			
Whanganui District Council contribution	5,000	15,000	(10,000)
Balance at 30 June	65,471	75,482	(10,012)

Major Budget variances:

WDC contribution – less WDC capital required with project delays, carried over.

Statement of cash flows Variations to budget for year ended 30 June'25

	Actuals \$000	Budget \$000	Variance \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers	2,021	2,338	(317)
Interest received	572	200	372
<i>Cash was applied to:</i>			
Payments to suppliers	(3,083)	(2,421)	(662)
Net cash flows from operating activities	(490)	116	(606)
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of investment property	-	-	-
Maturity of investments	8,000	-	8,000
<i>Cash was applied to:</i>			
Purchase of fixed assets	(12,774)	(24,349)	11,575
Purchase of investments	-	-	-
Cash flows from financing activities			
Proceeds from borrowings	-	-	-
Proceeds from issue of units	5,000	15,000	(10,000)
Net cash from financing activities	5,000	15,000	(10,000)
Net increase/(decrease) in cash and cash equivalents	(264)	(9,233)	8,969
Cash & cash equivalents at the beginning of the year	10,390	10,390	-
Cash & cash equivalents at the end of the year	10,126	1,157	8,969

Major Budget variances:

Maturity of investments – Not included in budget assumptions for SOL.

Purchase of investments – Phasing of costs with Project delays and scope changes.

Proceeds from issue of units – less WDC capital required with project delays, carried over.

Proceeds from issue of units – less WDC capital required with project delays, carried over.

Cash and cash equivalents: Project delays resulted in additional cash at year end.

Statement of comprehensive revenue and expense

For the year ended 30 June 2025

	Note	2025 \$000	2024 \$000
Revenue			
Operating revenue	1	368	414
Rental income	2	1,556	1,614
Interest received	3	572	634
Other revenue	4	316	336
Gain on selling of Asset	5	-	71
Gain on revaluation Investment Property	6	418	245
		3,230	3,313
Expenses			
Depreciation		312	289
Audit fees for the review of financial statements	7	50	44
Rates and Insurance	8	462	445
Management Fees	9	700	614
Repairs and Maintenance		306	422
Consultancy & Contractor costs		69	88
Te Puwaha project costs	10	1,213	138
Legal Fees		96	201
Cleaning & Sanitation		23	32
Compliance Cost		41	55
Other expenses	11	164	165
		3,435	2,493
Profit / (Loss)		(205)	820
Other comprehensive revenue and expense			
		-	-
Total comprehensive income		(205)	820

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2025

	Note	2025 \$000	2024 \$000
Balance at 1 July		60,676	48,443
Comprehensive revenue and expense			
Total comprehensive income for the year		(206)	820
Transactions with shareholders			
Whanganui District Council contribution		5,000	11,412
Balance at 30 June		65,471	60,676

The accompanying notes form part of these financial statements.



Statement of financial position

As at 30 June 2025

	Note	2025 \$000	2024 \$000
Assets			
Current assets			
Cash and cash equivalents	12	10,126	10,390
Other financial assets	13	-	8,000
Debtors and other receivables	14	1,132	685
		11,258	19,075
Non-current assets			
Property, plant and equipment	15	37,053	24,788
Investment property	20	31,280	30,665
		68,333	55,453
Total assets		79,591	74,527
Liabilities			
Current liabilities			
Trade & other payables	16	1,720	1,451
		1,720	1,451
Non-Current liabilities			
Borrowings & other financial liabilities	17	12,400	12,400
		12,400	12,400
Total liabilities		14,120	13,851
Net assets		65,471	60,676
Equity			
Limited Partnership units	18	45,602	40,602
Accumulated funds	18	19,869	20,075
		65,471	60,676

For and on behalf of the Board

 Nick Wareham

Chair

Director

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2025

	Note	2025 \$000	2024 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		2,021	2,092
Interest received		572	634
<i>Cash was applied to:</i>			
Payments to suppliers		(3,083)	(2,245)
Net cash flows from operating activities	19	(490)	481
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of investment property		-	814
Maturity of investments		8,000	-
<i>Cash was applied to:</i>			
Purchase of fixed assets		(12,774)	(6,908)
Purchase of investments		-	(8,000)
		(4,774)	(14,094)
Cash flows from financing activities			
Proceeds from borrowings		-	9,400
Proceeds from issue of units		5,000	11,412
Net cash from financing activities		5,000	20,812
Net increase/(decrease) in cash and cash equivalents		(264)	7,199
Cash & cash equivalents at the beginning of the year		10,390	3,191
Cash & cash equivalents at the end of the year		10,126	10,390

The accompanying notes form part of these financial statements.

Statement of accounting policies

For the year ended 30 June 2025

REPORTING ENTITY

The Whanganui Port Limited Partnership (WPLP) is a limited partnership formed by Whanganui Port Limited (WPL) and Whanganui District Council (WDC). WDC is the limited partner of the Partnership in accordance with the Act. WPGPL will be the initial general partner of the Partnership and will act on behalf of the Partnership to carry out the Project (as defined below) and carry on the Business (as defined below), and to otherwise manage all aspects of the Partnership's affairs. WDC will initially contribute towards the capital of the Partnership on the basis set out in agreement. WPLP is a Council Controlled Organisation (CCO) of the Whanganui District Council (WDC) as defined by section 6 of the Local Government Act 2002 and is domiciled in New Zealand. The Partnership has issued Notes which are convertible to Units on the terms and subject to the conditions set out in the Security holders Agreement.

The objectives of WPLP are to manage and operate the Whanganui Port, including upgrades and developments as part of the larger Whanganui Port Infrastructure Revitalisation Project (Te Puwaha). Te Puwaha project has been developed in terms of both economic development for the region, as well as increasing recreational and commercial activity at the port. WPLP essentially exists to manage and operate the Whanganui Port and manage the Endowment Land in accordance with the Wanganui Harbour Act 1988. If WPLP did not exist, then it is considered that WDC would continue to perform this function. The creation of WPLP has arisen due to the requirements of the Provincial Growth Fund funding for the restoration of the port. WPLP has designated itself as a public benefit entity (PBE) for Financial Reporting Purposes.

The financial statements of WPLP are for the year ended 30 June 2025. The financial statements were authorised for issue on 30 September 2025 by Port General Partner Board.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the WPLP to continue as a going concern.

Statement of compliance

The financial statements of WPLP have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis that the WPLP does not have public accountability (as defined) and has total annual expenses of less than \$30 million. These financial statements comply with these PBE Standards. WPLP is also a PBE Combination as per PBE IPSAS 40 which constitute an operation through acquisition, as WPLP gain control of one or more operations. WPLP gain control of Harbour Endowment as well as Sea Port Operations on 6 December 2021.

The financial statements are prepared using the historical cost method.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The WPLP's functional currency is New Zealand dollars.

SPECIFIC ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of surplus or deficit and financial position, have been applied:

Revenue

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Sale of goods

Revenue from sales of goods is recognised when a product is sold to the customer.

Interest

Interest revenue is recognised using the effective interest method.

Cash and cash equivalents

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

Receivables

Receivables are recorded at their face value, less any provision for impairment. A receivable will be impaired when there is evidence that the amount due will not be fully collected. The amount that is impaired is the difference between the amount due and the present value of the amount expected to be collected.

Property plant and equipment

Property, plant and equipment consists of:

Operational assets – these include land, buildings, motor vehicles and plant and equipment.

Restricted assets – these include land and buildings which are part of Operational portfolio. They are restricted assets because they form part of restricted Harbour Endowment portfolio but are not of an investment nature.

All Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to WPLP and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.



Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	25 to 80 years	1 – 4%
Plant, vehicles and equipment	3 to 20 years	5 – 33%
Furniture & Fittings	5 to 10 years	10 – 20%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition the asset shall be carried at its fair value.

Impairment of property, plant and equipment

Property, plant and equipment subsequently measured at cost that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Borrowings

The Convertible Notes from Ministry of Business, Innovation and Employment (MBIE) classified as a financial liability in full. Financial statements are prepared in line with PBE IPSAS 41.

Tranche 1 to 4 with a total of 12.4 million has been received and the total financial liability from MBIE will be 12.5 million once all milestones are met. Intention is to transfer this to equity once all conditions are met.

Convertible notes

WPLP issued convertible notes which include both equity and liability components, as well as an embedded derivative. In determining the classification we have taken into account the contingent settlement provision first and recognised the convertible note entirely as a financial liability in line with paragraph 30 of PBE IPSAS 28 that states that such an instrument is a liability.

Payables

Short-term creditors and other payables are recorded at their face value.

Equity

Equity is the community's interest in WPLP and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- accumulated funds
- property, plant and equipment reserves
- units

Property revaluation reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Units

The equity of the WPLP comprises units issued to WDC on the transfer of Port assets and cash contributions. This are expressly for the Whanganui Port upgrades and development as per the Security holders' Agreement. There is no requirement to generate a commercial return from this activity, with all income derived from commercial activity at the Port and returns from the endowment land investments is required to be applied only towards the operation and development of the Whanganui Port.

One of the expected project outcomes under the Security holders' Agreement is that the Port and associated enterprises will achieve \$4 million net operating profit (EBITDA) from marine precinct revenue streams in the mid to long-term. An intention to generate profits and return the profits to its equity holders is indicative of a for-profit entity. However, there are restrictions on distributions to unitholders. Specifically, the WPLP is unable to make a distribution to unitholders as this would breach the statutory duty to apply income derived from the use or disposal of endowment land under section 9 of the Wanganui Harbour Act 1988. As the \$4 million is before depreciation, this is further evidence that the WPLP is not expecting to generate and distribute significant amounts to its equity holders.

Once all conditions are met with Financial Liability from MBIE intention is to convert 12.5 million to Equity. It is also noted that distributions to MBIE are not expected but to be transferred to local Iwi as part of the Whanganui Land Settlement Negotiations at some point in the future.

On balance, based on the restrictions imposed and the future intended transfer of MBIE units to local Iwi, management deems the nature of the equity interest to be focused on benefiting the community rather than equity holders.

Goods and Service Tax (GST)

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

No income tax is recognised as the Whanganui Port Limited Partnership is transparent for tax purposes with all income, expenses, gains and losses flowed through to the individual partners in accordance with each partner's share of partnership income.

Critical accounting estimates and assumptions

In preparing these financial statements WPLP has made estimates and assumptions concerning the future which may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date WPLP reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the WPLP to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by WPLP, and expected disposal proceeds from the sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the statement of financial position. WPLP minimises the risk of this estimation uncertainty by:

- physical inspection of assets
- asset replacement programs
- review of second hand market prices for similar assets
- analysis of prior assets sales

WPLP has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 13.

Significant Accounting policies:

Specific policies and disclosures have been made to account for the Convertible notes.

Changes in accounting policies:

Audit Fees

Disclosure of Fees for Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) has been adopted in the preparation of these financial statements. The amendment changes the required disclosures for fees for services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories.

Notes to the Financial Statements

For the year ended 30 June 2025

1. Operating revenue

	2025 \$000	2024 \$000
Harbour Endowment	208	207
Port Operations revenue	160	207
Total operating revenue	368	414

2. Rental Income

	2025 \$000	2024 \$000
Rental from investment properties	1,523	1,576
Rental from other properties	33	38
Total rental income	1,556	1,614

3. Interest Received

	2025 \$000	2024 \$000
Interest received - ANZ	572	634
Total Interest received	572	634

4. Other revenue

	2025 \$000	2024 \$000
Annual Contribution from Whanganui District Council	300	300
Te Puwaha Project	16	36
Total other revenue	316	336

5. Gain on selling of Asset

	2025 \$000	2024 \$000
Gain on selling of asset	-	71
Total Gain on selling of Asset	-	71

6. Gain on revaluation Investment Property

	2025 \$000	2024 \$000
Gain on revaluation	418	245
Total Gain on revaluation Investment Property	418	245

Notes to the Financial Statements

For the year ended 30 June 2025

7. Audit fees for the review of financial statements	2025	2024
	\$000	\$000
Audit Fee accrual - WPLP 2024/25 Audit fee	50	44
Total Audit Fee	50	44

Audit fee is an estimate and the final fee will be based on actual and reasonable cost.

The audit fee disclosed for the financial reports represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards.

8. Rates & Insurance	2025	2024
	\$000	\$000
Rates	190	207
Insurance	272	239
Total Rates & Insurance	462	445

9. Management Fees	2025	2024
	\$000	\$000
Whanganui Port Operating Company Limited	520	488
Whanganui Port General Partner Limited	179	126
Total Management Fees	700	614

10. Te Puwaha project costs	2025	2024
	\$000	\$000
Te Puwaha project expenses	1,213	138
Total Te Puwaha project costs	1,213	138

Presentation of PY has been changed to split out Te Puwaha project costs from Other expenses in Note 11.

11. Other expenses	2025	2024
	\$000	\$000
Surveys & Valuations	48	36
Other operating costs	116	129
Total other expenses	164	165

Presentation of PY has been changed to disclose Te Puwaha project costs separately in Note 10, in prior year this has been included in Other expenses under Contractors.

12. Cash and cash equivalents	2025	2024
	\$000	\$000
Cash at bank and on hand	100	21
Call account - Retentions	738	575
Call account - Te Puwaha	9,288	9,794
Total cash and cash equivalents	10,126	10,390

Notes to the Financial Statements

For the year ended 30 June 2025

13. Other financial assets

	2025 \$000	2024 \$000
Current portion		
Term deposits with maturities greater than 3 months	-	8,000
Total other financial assets	-	8,000

14. Debtors and other receivables

	2025 \$000	2024 \$000
Trade debtors	211	162
GST receivable	570	290
Advances	250	-
Prepayment - Insurance	75	102
Prepayment - Management Fee WPLP	26	1
Accrued interest - Term deposits	-	113
Whanganui District Council	-	17
Total debtors and other receivables	1,132	685

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximate their fair value. WDC from time to time funds the working capital of WPLP. At balance date this is represented as a current asset in the statement of financial position.

The status of receivables as at 30 June 2025 and 2024 are detailed below:

	2025 Gross \$000	2024 Gross \$000
Not past due	1,018	671
Past due 1-60 days	62	5
Past due 61-120 days	-	9
Past due > 120 days	52	-
Total	1,132	685

16. Trade and other payables

	2025 \$000	2024 \$000
Trade payables	816	634
Whanganui District Council	98	-
Retentions	756	577
Accrued expenses	50	239
Total Trade and other payables	1,720	1,451

Non-interest bearing & settled around 30-day terms, therefore the carrying value are fair value
All trade payables are exchange.

Notes to the Financial Statements

For the year ended 30 June 2025

15. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Cost/ revaluation 30/6/2024 \$000	Accumulated depreciation and impairment charges 30/6/2024 \$000	Carrying amount 30/6/2024 \$000	Current year additions \$000	Current year WIP Additions \$000	Current year depreciation 30/6/2025 \$000	Cost/ and revaluation 30/6/2025 \$000	Accumulated depreciation and impairment charges 30/6/2025 \$000	Carrying amount 30/6/2025 \$000
WPLP 2025									
Operational assets									
Land	9,954	-	9,954	-	-	-	9,954	-	9,954
Buildings	2,562	(229)	2,334	-	-	(92)	2,562	(321)	2,241
Plant, equipment and motor vehicles	738	(306)	432	183	-	(149)	920	(455)	465
Furniture and fittings	5	(1)	5	6	-	(1)	11	(1)	10
Capital work in progress	10,170	-	10,170	-	12,389	-	22,558	-	22,558
Total operational assets	23,429	(535)	22,893	189	12,389	(242)	36,006	(777)	35,229
Restricted assets									
Land	157	-	157	-	-	-	157	-	157
Buildings	1,953	(216)	1,737	-	-	(70)	1,953	(286)	1,667
Total restricted assets	2,110	(216)	1,894	-	-	(70)	2,110	(286)	1,824
Total property, plant and equipment	25,539	(751)	24,788	189	12,389	(312)	38,116	(1,064)	37,053

Notes to the Financial Statements

For the year ended 30 June 2025

15. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

WPLP 2024	Cost/ revaluation 30/6/2023 \$000	Accumulated depreciation and impairment charges 30/6/2023 \$000	Carrying amount 30/6/2023 \$000	Current year additions \$000	Current Years WIP Additions \$000	Current year depreciation 30/6/2024 \$000	Cost/ and revaluation 30/6/2024 \$000	Accumulated depreciation and impairment charges 30/6/2024 \$000	Carrying amount 30/6/2024 \$000
Operational assets									
Land	9,954	-	9,954	-	-	-	9,954	-	9,954
Buildings	2,538	(137)	2,400	25	-	(91)	2,562	(229)	2,334
Leasehold Improvements									
Plant, equipment and motor vehicles	624	(179)	445	114	-	(127)	738	(306)	432
Leased equipment	-	-	-	-	-	-	-	-	-
Furniture and fittings	5	()	5	-	-	(1)	5	(1)	5
Capital work in progress	2,467	-	2,467	-	7,703	-	10,170	-	10,170
Total operational assets	15,588	(316)	15,272	138	7,703	(219)	23,429	(535)	22,893
Restricted assets									
Land	157	-	157	-	-	-	157	-	157
Buildings	1,953	(146)	1,807	-	-	(70)	1,953	(216)	1,737
Total restricted assets	2,110	(146)	1,965	-	-	(70)	2,110	(216)	1,894
Total property, plant and equipment	17,698	(462)	17,236	138	7,703	(289)	25,539	(751)	24,788

Notes to the Financial Statements

For the year ended 30 June 2025

17. Borrowings & other financial liabilities

	2025	2024
	\$000	\$000
Loan Crown (convertible notes)	12,400	12,400
Total Borrowings & other financial liabilities	12,400	12,400

Non-interest bearing. Face value represents the amortised cost.

Financial liability disclosed in full in line with PBE IPSAS 41.

Principal: Financial Liability at Fair value of 12.4mil.

Redemption of principal value: Existence of conversion option if Convertible Note are not converted by 1 March'26 although management believe this is unlikely to happen.

There is a conversion option to convert the convertible notes into units in the partnership.

\$1 Convertible note equals 1 unit. This conversion option gives rise to an embedded derivative.

Embedded derivative call option valued at zero as it is not material and very unlikely to occur.

18. Equity

	2025	2024
	\$000	\$000
Limited Partnership units		
Balance at 1 July	40,602	29,189
Units - Whanganui District Council	5,000	11,412
Balance at 30 June	45,602	40,602
Accumulated funds		
Balance at 1 July	20,075	19,254
Surplus/(deficit) for the year	(205)	820
Balance at 30 June	19,869	20,075
Balance at 30 June	65,471	60,676

19. Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	2025	2024
	\$000	\$000
Surplus/(deficit) after tax	(205)	820
Add/(less) non-cash items:		
Depreciation and amortisation expense	312	289
Gains/(losses) on fair value of investment property	(418)	(316)
	(312)	794
Add/(less) movements in working capital items:		
Accounts receivable	(313)	(183)
Prepayments	3	(64)
Interest Receivable	113	(113)
Accounts Payable	209	74
Accruals	(190)	(27)
	(179)	(313)
Net cash inflow/(outflow) from operating activities	(490)	481

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Notes to the Financial Statements

For the year ended 30 June 2025

20. Investment property

	2025	2024
	\$000	\$000
Balance at 1 July	30,665	31,165
Additions from acquisitions	197	-
Assets sold	-	(816)
Gain with selling of assets	-	71
Fair value gains/(losses)	418	245
Balance at 30 June	31,280	30,665

WPLP investment properties are valued annually at fair value, normally effective 30 June. This year valuation date is 31 March 2025 with a FMV assessment for 1 Apr-30 June.

All investment properties were valued independently based on open market evidence. The valuation was performed by Garry Dowse (Registered Valuer, FNZIV, FPINZ) of Telfer Young from CBRE Valuation & Advisory Services. They are an experienced valuer with extensive market knowledge in the types of investment properties owned by WPLP.

The fair value of the investment property has been determined using the capitalisation of actual/potential net revenues and direct comparison methods. The methods are also based on assumptions of 'highest and best use' and have regard for current lease arrangements. Where long term ground leases are in place only the lessors' (WPLP) interest in the land has been assessed. Net revenue from properties within the harbour endowment must be applied to the maintenance and development of the Port.

For Harbour endowment Crown approval is required for any change to the make up or purpose of the endowment. Also all capital or divestment proceeds must remain within Endowment. The fair value of the investment property has been determined using the capitalisation of actual/potential net revenues and direct comparison methods. The methods are also based on assumptions of 'highest and best use' and have regard for current lease arrangements. Where long term ground leases are in place only the 'lessors' (WPLP) interest in the land has been assessed.

Net revenue from properties within the harbour endowment must be applied to the maintenance and development of the Port. For endowment Crown approval is required for any change to the make up or purpose of the endowment. Also all capital or divestment proceeds must remain within Endowment.

	2025	2024
	\$000	\$000
<u>Revenue and expenses in relation to investment properties:</u>		
Rental revenue	1,523	1,576
Expenses from investment property generating revenue	(569)	(560)
Expenses from investment property not generating revenue	(26)	(38)

Notes to the Financial Statements

For the year ended 30 June 2025

21. Capital commitments

The Limited Partnership has \$368,907 capital commitments (2024 \$5,223,279).

Operating lease commitments - as a lessor

WPLP has entered into commercial property leases on its investment property portfolio consisting of the Limited Partnership's investment portfolio land and buildings. These leases have remaining leases as per below. Leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2025 & 2024 were as follows:

	2025	2024
	\$000	\$000
Within one year	1,195	992
After one year but not more than five years	3,090	2,763
More than five years	5,942	5,315
	10,227	9,071

22. Contingencies

There are no contingent assets or liabilities at balance date (2024 \$0).

23. Related party transactions

WPLP is part of the Whanganui District Council group and has transactions with members of group.

Whanganui District Council owns Whanganui Port General Partner Ltd (WPGPL), which owns

Whanganui Port Operating Company Limited (WPOCL)

WPLP is directly owned by Whanganui District Council (WDC) through units held.

WPGPL shares were transferred from Whanganui District Council Holdings Limited (WDCHL) to WDC in October 2024, therefore post this date WDCHL had no direct involvement in Port entities.

WPLP received the 300k annual contribution from Whanganui District Council for shortfall of WPLP.

Management fees of 520k and Cost recovery of 97k was paid to Whanganui Port Operating Company during the year.

Management fees of 179k and Reimbursement costs of 9k was paid to Whanganui Port General Partner during the year.

Consultancy Fees of 47k paid to Mark Petersen the board chair for additional Te Puwaha related work

post departure of Project Director.

At year end there was 98k payable to Whanganui District Council and a prepayment of 26k was made to WPGPL.

All other related transactions are on arm's length basis and there's nothing to disclose as per PBE IPSAS 20.

It is noted that transactions with the group are disclosed in various notes throughout the annual report.

Key management personnel:

Key management personnel includes the General Manager of Port.

WPLP pay management fees to WPOCL for Salaries of Port staff, staff expenses and Service Level Agreement with

Whanganui District Council (WDC) for WDC staff that's contracted out to WPOCL. Refer to Note 9.

WPLP pay management fees to WPGPL for Director Fees and Director expenses as per Note 9.

24. Events after the balance date

Procurement for Wharf 2 of project is expected to be completed by mid to late 2025.

Loan relating to boat shed: The Port expects to advance the terms of the loan agreement with WDC later in 2025 with execution possibly shortly after that.

Management of contaminated ground within the development site continues to be an issue due to the emerging volume of material involved. Although ground contamination on port developments such as these are typical, the extent and the impact of the issue has exceeded expectations. Planning is underway to identify the extent of the issue and develop an appropriate disposal and management plan.

Notes to the Financial Statements

For the year ended 30 June 2025

25. Compound Financial Instruments with Multiple Embedded Derivatives

WPLP has issued an instrument that contains both a liability & an equity component (PBE IPSAS 28) and the instrument has multiple embedded derivatives whose values are interdependent.

26. Financial instrument categories

	2025 \$000	2024 \$000
Financial assets		
Amortised cost		
Cash and cash equivalents	10,126	10,390
Receivables	1,031	685
Term deposits	-	8,000
Financial liabilities		
Amortised cost		
Payables	1,720	1,451
Loan - convertible notes	12,400	12,400

Independent Auditor's Report

To the stakeholders of Whanganui Port Limited Partnership's financial statements and statement of service performance for the year ended 30 June 2025

The Auditor-General is the auditor of Whanganui Port Limited Partnership (the Limited Partnership). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Limited Partnership on his behalf.

We have audited:

- the financial statements of the Limited Partnership on pages 8 to 27, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date, the statement of accounting policies and the notes to the financial statements that include other explanatory information; and
- the statement of service performance of the Limited Partnership for the year ended 30 June 2025 on pages 6 to 7.

Opinion

In our opinion:

- the financial statements of the Limited Partnership:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the statement of service performance:
 - accurately reports, in all material respects, the Limited Partnership's actual performance compared against the performance targets and other measures by which the Limited Partnership's performance can be judged in relation to the Limited Partnership's objectives in its statement of intent for the year ended 30 June 2025; and

- o has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 30 September 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audit of the financial statements and the statement of service performance* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the General Partner for the financial statements and the statement of service performance

The General Partner is responsible on behalf of the Limited Partnership for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The General Partner is also responsible for preparing the statement of service performance in accordance with the Act.

The General Partner is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and the statement of service performance that are free from misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the General Partner is responsible on behalf of the Limited Partnership for assessing the Limited Partnership's ability to continue as a going concern. The General Partner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the General Partner either intend to liquidate the Limited Partnership or to cease operations, or have no realistic alternative but to do so.

The General Partner's responsibilities arise from the Limited Partnership Act 2008 and Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of service performance.

For the budget information reported in the financial statements and in the statement of service performance, our procedures were limited to checking that the information agreed to the Limited Partnership's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Limited Partnership's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The General Partner.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the General Partner and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Limited Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Limited Partnership to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the statement of service performance, including the disclosures, and assess whether the statement of service

performance achieves its statutory purpose of enabling the Limited Partnership's readers to judge the actual performance of the Limited Partnership against its objectives in its statement of intent.

We communicate with the General Partner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The General Partner is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Limited Partnership in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

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



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand