

# Financial Summary

*This summary provides an overview of the council and group's financial results for the period.*

The council reports its financial results in accordance with New Zealand International Financial Reporting Standards (NZ IFRS). These standards collectively represent generally accepted accounting practice in New Zealand. They tell us how to recognise and disclose all financial transactions in our financial statements.

## **Understanding the council's reported surplus for the year ended 30 June 2012**

The council has continued to operate within a sound financial position, posting an operating surplus (after tax) of \$2.67 million for the year ended 30 June 2012 compared to a budgeted surplus of \$2.41 million. Total Comprehensive Income saw a surplus of \$2.46 million against a budgeted surplus of \$2.41 million.

The actual financial result is good and reflects council's prudent financial management.

A number of work programmes were not completed during the 2011-2012 year as anticipated, and accordingly council will carry forward \$377,000 from this surplus for operating expenditure in the 2012-2013 financial year to enable outstanding work programmes to be completed as planned. The work programmes include, environment fund projects, the mangrove removal programme, planning and policy work programmes and iwi-related initiatives.

A further \$1.69 million was taken to special reserves, mainly due to \$1.54 million being transferred to the Northland Growth and Investment Reserve. This will be invested in economic projects in Northland that aim to increase jobs in Northland, increase the average weekly household income of Northlanders, and increase Northland's GDP.

The operating surplus of \$2.67 million (after tax) includes a \$370,000 deficit in other gains/(losses).

This deficit is made up of a \$345,000 decrease in the fair value of owner occupied buildings, a \$772,000 decrease in the fair value of the Northland Regional Council Community Trust investment portfolio, a \$31,000 loss on the sale of property plant and equipment and an \$88,000 decrease in the value of council's emissions trading scheme credits.

These losses are offset slightly by an increase of \$842,000 in the fair value of council's investment property and an increase of \$23,000 in the fair value of council's forestry assets.

Dividend income from Northland Port Corporation (NZ) Limited was \$332,000 more than budgeted for, due to strong growth in cargo throughput.

A tax refund of \$952,000 was received from the IRD after a binding ruling from IRD confirmed that a \$3 million council contribution towards the Northland Regional Events Centre in 2008-2009 (part of the overall \$13 million contribution towards the Events Centre) was a donation and could be offset against tax on dividends council received from the Northland Port Corporation (NZ) Limited in the same year.

Council recognised a further \$206,000 of losses in fair value decreases of our financial assets of \$181,000 and a decrease in the land of our owner occupied properties of \$25,000.

## The financial summary

The council is a regional authority constituted by the Local Government Act 2002. The Northland Regional Council is a public benefit entity for reporting purposes. The financial statements have been prepared in accordance with generally accepted accounting practices for New Zealand and comply with New Zealand equivalents to IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements include a statement of compliance to this effect.

The Annual Plan numbers are those approved by the council at the beginning of the year after a period of consultation with the public.

A summary report cannot be expected to provide as comprehensive an understanding of council's activities as the full document.

Copies of the Annual Report 2011-2012 are available at the council offices, online [www.nrc.govt.nz/annualreport](http://www.nrc.govt.nz/annualreport) or by calling 0800 002 004.

The Annual Report has been audited by Audit New Zealand and has received an unmodified audit opinion. The Annual Report complies with all relevant New Zealand equivalents to the International Financial Reporting Standards as appropriate for public benefit entities. The summary financial report has been examined by Audit New Zealand for consistency with the full financial report and has received an unmodified audit opinion.

In this financial summary we provide a summary of council's financial performance during the 2011-2012 financial year.

## Statement of Comprehensive Income and Changes in Equity

The Summary Statement of Comprehensive Income and Summary Statement of Changes in Equity present the final performance and equity movements of the council and the group. These statements summarise operating income and expenditures as well as other financial transactions that have impacted on the council's and group's net equity.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Council 30-Jun-12 \$	Annual Plan 30-Jun-12 \$	Council 30-Jun-11 \$	Consolidated 30-Jun-12 \$	Consolidated 30-Jun-11 \$
Operating Income (excluding share of joint venture revenues and share of associate companies' net surplus)	27,621,152	27,526,774	23,303,845	30,755,137	24,907,565
Share of Joint Venture Revenues	–	–	–	806,525	791,858
Share of Associate Companies' Net Surplus	–	–	–	6,485,212	5,183,256
<b>TOTAL OPERATING INCOME</b>	<b>27,621,152</b>	<b>27,526,774</b>	<b>23,303,845</b>	<b>38,046,874</b>	<b>30,882,679</b>
Operating Expenses (excluding finance expense)	25,812,179	25,120,347	25,458,937	30,351,976	29,625,643
Finance Expense	91,970	1,000	37,710	107,758	50,964
<b>TOTAL OPERATING EXPENDITURE</b>	<b>25,904,149</b>	<b>25,121,347</b>	<b>25,496,647</b>	<b>30,459,734</b>	<b>29,676,607</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>1,717,003</b>	<b>2,405,427</b>	<b>(2,192,802)</b>	<b>7,587,139</b>	<b>1,206,073</b>
Taxation Credit / (Expense)	952,158	–	–	1,050,453	109,982
<b>NET SURPLUS / (DEFICIT) AFTER TAXATION</b>	<b>2,669,161</b>	<b>2,405,427</b>	<b>(2,192,802)</b>	<b>8,637,592</b>	<b>1,316,055</b>
<b>Other Comprehensive Income</b>					
Gains/(Loss) on Property Revaluations	(25,000)	–	(58,000)	(2,686,015)	(8,371,389)
Financial Assets at Fair Value through Other Comprehensive Income	(181,133)	–	223,326	(181,133)	223,326
Gains/(Loss) on Infrastructure Asset (Awanui River Management) revaluation	–	–	1,106,411	–	1,106,411
Net Hedging Movement (Associate)	–	–	–	32,844	104,391
<b>Total Other Comprehensive Income</b>	<b>(206,133)</b>	<b>–</b>	<b>1,271,737</b>	<b>(2,834,304)</b>	<b>(6,937,261)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,463,028</b>	<b>2,405,427</b>	<b>(921,065)</b>	<b>5,803,288</b>	<b>(5,621,206)</b>
<i>Total Comprehensive Income attributable to:</i>					
Northland Regional Council				3,483,335	(4,006,054)
Non-controlling interest in surplus of Northland Port Corporation (NZ) Limited				2,319,954	(1,615,152)
				<b>5,803,288</b>	<b>(5,621,206)</b>

In the summary financial statements the "Council" column includes the Northland Regional Council only. The "Consolidated" column includes Northland Regional Council Community Trust and Northland Port Corporation (NZ) Limited. The summary financial statements are presented in New Zealand dollars rounded to the nearest dollar, unless otherwise stated.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

Balance at 1 July - as restated

Less Dividends Paid

Total Comprehensive Income

Balance at 30 June

*Total Comprehensive Income attributable to:*

Northland Regional Council

Minority Interest

Balance at 30 June

*Equity is made up of the following components:*

Retained Earnings

Asset Revaluation Reserve

Financial Assets at Fair Value through Equity

Special Reserves

Minority Interest

	Council 30-Jun-12 \$	Annual Plan 30-Jun-12 \$	Council 30-Jun-11 \$	Consolidated 30-Jun-12 \$	Consolidated 30-Jun-11 \$
Balance at 1 July - as restated	116,921,483	119,722,631	117,842,548	232,901,018	239,572,624
Less Dividends Paid	—	—	—	(1,436,831)	(1,050,400)
Total Comprehensive Income	2,463,028	2,405,427	(921,065)	5,803,288	(5,621,206)
Balance at 30 June	119,384,511	122,128,058	116,921,483	237,267,475	232,901,018
<i>Total Comprehensive Income attributable to:</i>					
Northland Regional Council	119,384,511	122,128,058	116,921,483	178,950,426	175,466,969
Minority Interest	—	—	—	58,317,050	57,434,049
Balance at 30 June	119,384,511	122,128,058	116,921,483	237,267,475	232,901,018
<i>Equity is made up of the following components:</i>					
Retained Earnings	110,828,307	114,933,408	110,137,253	129,052,707	125,932,262
Asset Revaluation Reserve	2,000,201	976,790	2,025,201	43,609,080	45,060,650
Financial Assets at Fair Value through Equity	238,079	419,212	419,212	238,079	419,212
Special Reserves	6,317,924	5,798,648	4,339,817	6,050,560	4,054,844
Minority Interest	—	—	—	58,317,050	57,434,049
	119,384,511	122,128,058	116,921,483	237,267,475	232,901,018

Variances to budget can be explained as follows:

Operating income is \$94,000 greater than budget due to:

- Increase in Fees and Charges of \$463,000 offset by a decrease in grants and subsidies of \$418,000. The increase in fees and charges is due to unbudgeted fee recoveries resulting from staff assisting in the Rena oil spill response incident, additional navigation bylaw fees, additional revenue received to administer the Wild Rice National Programme, cost recoveries for the emergency management contract work undertaken on behalf of the Whāngārei District Council and an unbudgeted contribution from the Whāngārei District Council to assist in funding the Hātea River maintenance programme;
- Lower than budgeted Grants and Subsidies of \$418,000, due to less Transport related subsidy funding primarily due to the reduced cost of carrying out the Whāngārei and Kaitiā bus services contract and less funding provided by the Department of Conservation for Environment Fund projects;
- Revenue from rates is \$172,000 greater than budget due to rate penalties charged for late or non-payment of rates. This additional rates revenue is more than offset by rate write-offs and the provision for doubtful debts established on unpaid rates;
- Other Revenue is \$336,000 greater than budget, due to: dividend income from the Northland Port Corporation (NZ) Limited being \$332,000 greater than budget; income from rents being \$27,000 greater than budget. These gains were offset by a decrease in sundry income against budget of \$23,000;
- Other Gains/(Losses) is \$472,000 less than budget due to: gains on changes in the fair value and disposal of assets being not budgeted by council due to their high uncertainty and non-cash nature, with the exception of fair value movement on council's forestry asset. There were a number of fair value movements, namely: an increase in value of council's investment property \$842,000, a decrease in value of council's owner occupied buildings of \$345,000. There was an increase in the value of the forestry asset of \$23,000 (compared to the budgeted \$102,000) and an increase in the fair value of financial investments of \$26,000 for council's investment in the Northland Regional Council Community Trust. There was also a decrease in value of \$88,000 in the value of council's New Zealand Emissions Trading Scheme Credits relating to council's pre-1990 Forestry Holdings at Mt Tiger. Finally, there was a loss on disposal of property, plant and equipment of \$57,000.

Operating expenditure is \$783,000 greater than budget due to:

- An unbudgeted rate write-off and doubtful debt provision of \$838,000;
- An unbudgeted contribution towards the office fit-out of the Northland Events Centre of \$318,000, which is funded via the internal loan for the events centre;
- Environmental Monitoring expenditure being \$178,000 greater than budget predominantly due to higher than budgeted legal fee and consultancy costs resulting from an increased number of enforcement actions;
- Biosecurity consultants, contractors, and pest control costs being over budget by \$154,000 due to unbudgeted work programmes occurring - (such as the Manchurian Wild Rice Programme, Guava Moth Control Programme). This overspend is partially offset by additional crown funding received in relation to these projects;
- Resource Management Planning expenditure being \$91,000 greater than budget predominantly due to the additional consultancy costs associated with the Regional Policy Statement project;
- Expenditure associated with administering our Commercial Investments being over budget by a total of \$77,000 due to a combination of higher than budgeted legal fees and consultancy costs arising from arbitrations of investment properties;
- Consent expenditure being \$74,000 greater than budget predominantly due to higher than expected, and more complex consent applications and a bad debt write off;
- Maritime expenditure being \$68,000 greater than budget primarily due to the expenditure associated with the Hātea Dredging project. This expenditure is funded from a Special Reserve that has been established specifically for this purpose;
- Transport expenditure associated with the Kaitiā and Whāngārei Bus Services being under budget as these services were rationalised. Also, savings were made in the areas of mobility services, bus shelter maintenance, and transport marketing and promotions totalling \$380,000;
- Land and rivers expenditure being \$202,000 less than budget predominantly due to the planned work on the Rust Avenue Bridge being deferred and consultancy costs associated with Whāngārei Urban Rivers project being less than budgeted and the expenditure relating to the Environment Fund being under budget;
- Expenditure associated with computer maintenance, software and consumables being under budget by \$200,000 as a result of the delay in the planned new IRIS system and Financial Systems;
- Expenditure associated with Regional Economic Development being under by \$134,000 predominantly due to the growth programme being under budget by \$100,000 as the work programme was not performed as anticipated in 2011-2012. These unspent funds have been transferred to the Northland Growth and Investment Reserve, and will be made available for future economic development projects;
- Regional Information and Engagement expenditure being \$60,000 less than budget due to the budget relating to Māori engagement and liaison not being expended throughout the year as planned.

## Financial position

The Summary Statement of Financial Position shows what assets we own, what liabilities we owe to other parties and our net worth. The council's position remains very strong with liabilities representing only five percent of total assets.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Council 30-Jun-12 \$	Annual Plan 30-Jun-12 \$	Council 30-Jun-11 \$	Consolidated 30-Jun-12 \$	Consolidated 30-Jun-11 \$
Current Assets	29,386,607	9,017,340	11,541,131	30,838,765	14,489,100
Non-Current Assets	96,105,259	118,943,332	111,317,768	214,232,550	224,983,082
<b>Total Assets</b>	<b>125,491,866</b>	<b>127,960,672</b>	<b>122,858,900</b>	<b>245,071,316</b>	<b>239,472,183</b>
Current Liabilities	(6,059,072)	(5,706,015)	(5,888,559)	(7,750,091)	(6,518,817)
Non-Current Liabilities	(48,283)	(126,600)	(48,858)	(53,748)	(52,341)
<b>Total Liabilities</b>	<b>(6,107,355)</b>	<b>(5,832,615)</b>	<b>(5,937,417)</b>	<b>(7,803,839)</b>	<b>(6,571,158)</b>
<b>NET ASSETS / EQUITY</b>	<b>119,384,511</b>	<b>122,128,058</b>	<b>116,921,483</b>	<b>237,267,475</b>	<b>232,901,018</b>
<i>Equity attributable to:</i>					
Northland Regional Council				178,950,426	175,466,969
Minority Interests				58,317,049	57,434,049
				<b>237,267,475</b>	<b>232,901,018</b>

Variances to budget can be explained as follows:

Current Assets are higher than budget and Non-Current Assets are lower than budget by a corresponding amount primarily due to council holding a higher level of short term cash investments as at 30 June 2012, due to longer term investments maturing and electing to hold investments on short term deposits rather than reinvesting at the current low interest rates in longer term bonds.

## Council's assets

The major components of our assets include:

- Current assets (including investments with maturities less than 12 months, cash and trade receivables) – \$29.4 million;
- Investment property (including forestry assets) – \$49.3 million;
- Property, plant and equipment (including operational assets such as council-occupied land and buildings and river management schemes) – \$19.8 million;
- Investment in subsidiaries and associates \$7.8 million. The Northland Regional Council Community Trust Fund was transferred from investment in subsidiaries and associates into direct council controlled investments during 2011-2012. The value of the fund transferred at 30 June 2012 was

\$9.6 million and council impaired this by a further \$152,000 due to the illiquid nature of some of the investments within the fund. (Our investment in Northland Port Corporation (NZ) Limited is reflected at original cost in the council financial statements in accordance with applicable reporting standards.)

- Other non-current investments (including other receivables and investments in stocks and other securities) – \$19.2 million.

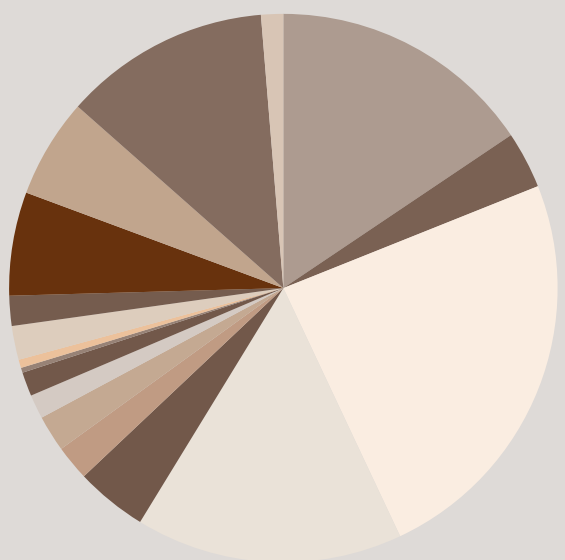
## Council's liabilities

Current liabilities (including trade and other payables, employee benefits and tax liability) – \$6.1 million. Non-current liabilities (made up of non-current employee benefit liabilities) – \$49,000.

## Our sources of income

The following graph shows the various sources of the council's \$27.6 million income during 2011-2012. The largest contribution to revenue was provided by rates. While rates continues to be the main source of income, the council also received income from a number of other sources including from government grants and subsidies, user fees and charges and investment income. The breakdown is as follows:

**INCOME 2011-2012**

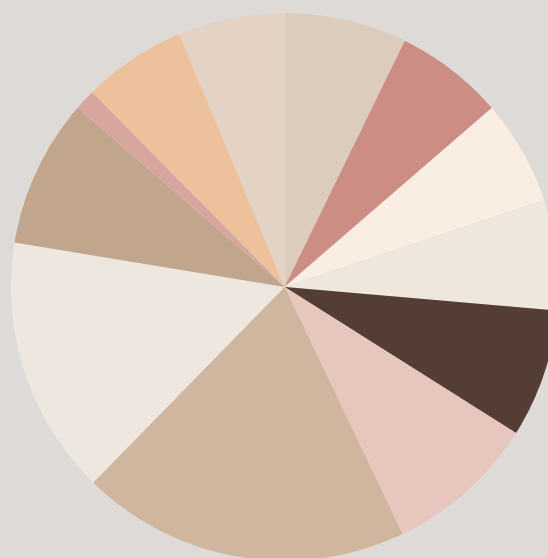


Sources of Funding and Revenue	%	\$
Fees and Charges	16.00	4,419,316
Government Subsidies	3.45	952,632
Targeted Council Services Rate	24.70	6,822,523
Targeted Land Management Rate	16.17	4,466,946
Targeted Northland Recreational Facilities Rate	4.33	1,195,390
Targeted Regional Infrastructure Rate	2.12	586,094
Targeted Rescue Helicopter Services Rate	2.20	607,740
Targeted Transport Rates	1.46	403,219
Targeted Awanui River Rate	1.46	402,022
Targeted Kaihū River Rate	0.30	82,701
Targeted Kaeo-Whangaora Rivers Rate	0.50	139,029
Targeted Whāngārei Urban River Rate	2.05	566,419
Rate Remissions Discounts and Penalties	1.82	501,404
Interest	6.27	1,730,661
Dividends	6.01	1,660,718
Investment Income	12.51	3,454,553
Other Gains/(Losses)	-1.34	(370,212)
<b>TOTAL INCOME</b>		<b>27,621,154</b>

## Our expenditure

The following graph shows the allocation of our \$27.6 million of expenditure by activity. The council's expenditure is guided by the priorities identified in our 2011-2012 Annual Plan.

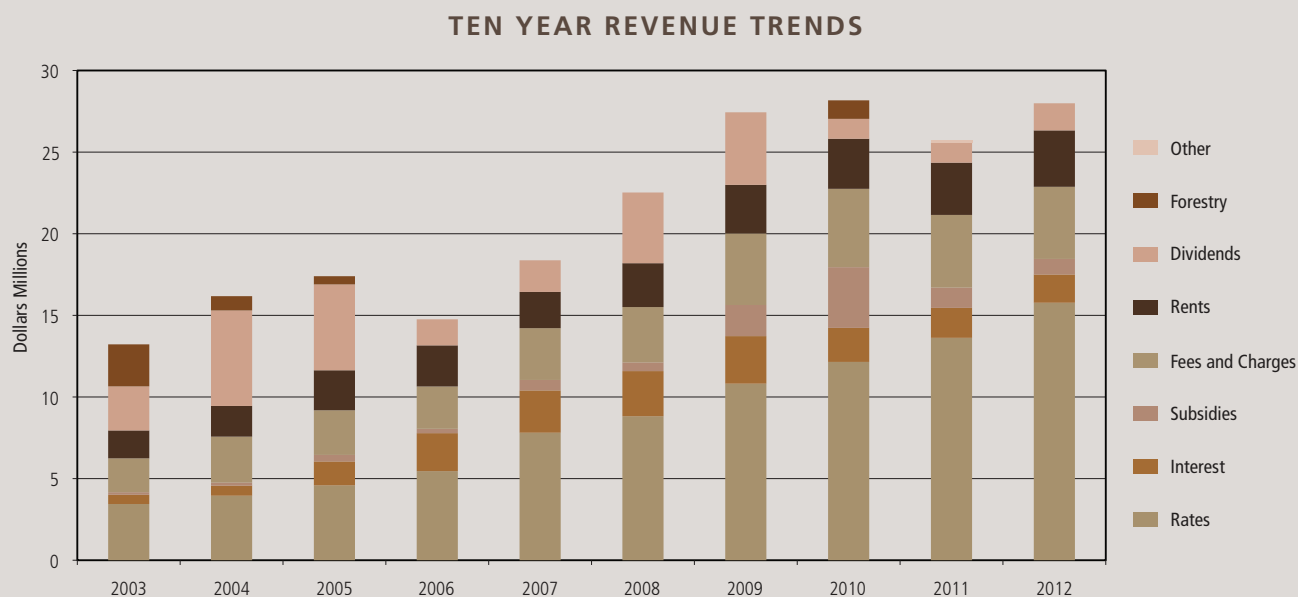
**EXPENDITURE 2011-2012**



Expenditure on Activities	%	\$
Democracy and Corporate Services	7.24	2,000,849
Regional Information and Engagement	6.43	1,777,371
Regional Economic Development	6.18	1,707,984
Resource Management Planning	6.53	1,805,375
Consents	7.59	2,096,937
Transport	8.95	2,474,351
Environmental Monitoring	19.42	5,367,692
Land and Rivers	15.27	4,221,837
Biosecurity	8.75	2,417,792
Emergency Management	1.24	342,605
Maritime	6.12	1,691,355
<b>Operating Total</b>	<b>93.70</b>	<b>25,904,149</b>
Capital Expenditure	6.30	1,741,045
<b>TOTAL EXPENDITURE</b>		<b>27,645,193</b>

## Revenue trends

Rating revenue since 2005-2006 reflects the introduction of targeted rates to fund the Regional Events Centre and extra land and emergency management initiatives. In the 2009-2010 financial year council introduced a Targeted Transport Rate to fund the Whāngārei Bus Passenger transport services. These were previously funded by the Whāngārei District Council. Council also introduced the targeted rescue helicopter services rate to provide funding certainty to the Northland Emergency Services Trust. In the 2011-2012 financial year council introduced the Targeted Whāngārei Urban Rivers Rate to fund flood risk reduction projects for the Whāngārei CBD and the Targeted Kaitiāia Transport Rate to provide funding assistance towards the bus passenger transport service in the Kaitiāia/Mangōnui/Ahipara areas.



## Cash flows

The Summary Statement of Cash Flows shows how we generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities. Our operating activities generate cash inflows, mainly from rates and user charges. Investing activities relate to the sale and purchase of property, plant and equipment and cash and property investments.

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Council 30-Jun-12 \$	Annual Plan 30-Jun-12 \$	Council 30-Jun-11 \$	Consolidated 30-Jun-12 \$	Consolidated 30-Jun-11 \$
Net Cash Flows from Operating Activities	4,514,897	2,935,034	1,481,849	7,476,221	3,823,754
Net Cash Flows from Investing Activities	2,216,557	(4,008,595)	(2,274,169)	(1,255,948)	(2,204,394)
Net Cash Flows from Financing Activities	—	—	—	(939,892)	(1,059,544)
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>6,731,454</b>	<b>(1,073,561)</b>	<b>(792,320)</b>	<b>5,280,381</b>	<b>559,814</b>
Cash, Cash Equivalents and Bank Overdrafts at the beginning of the year	3,518,200	1,857,572	4,310,520	5,445,281	4,885,467
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR</b>	<b>10,249,654</b>	<b>784,011</b>	<b>3,518,200</b>	<b>10,725,662</b>	<b>5,445,281</b>



## Significant related party transactions

Northland Regional Council is the ultimate parent of the group and controls two entities being Northland Port Corporation (NZ) Limited (53.61%) and Northland Regional Council Community Trust (100% owned). It also has significant influence over a number of other entities by way of direct investments in these entities by its subsidiary, Northland Port Corporation (NZ) Limited. The following transactions were carried out with related parties:

### RELATED PARTY TRANSACTIONS

For the year ended 30 June 2012

#### Northland Port Corporation (NZ) Limited

	Council 30-Jun-12 \$	Council 30-Jun-11 \$
Dividend received by the council	1,660,718	1,217,860
Services provided by the council in the normal course of business	3,923	12,415
Accounts receivable from the council for services provided in the normal course of business	282	440

#### North Tugz Limited

Services provided by the council in the normal course of business	80	145
Services provided to the council in the normal course of business	17,490	16,874

#### Northland Regional Council Community Trust

Accounts payable to the council to wind up the residual assets and liabilities of the trust	233,556	—
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#### Enterprise Northland

Services provided to the council in the normal course of business	35,044	16,839
Grant received from the council	201,520	1,282,196
Accounts payable to the council for services provided in the normal course of business	70,000	—

#### Destination Northland Limited

Services provided to the council in the normal course of business	500	—
Grant received from the council	100,000	100,000

#### Northport Limited

Services provided by the council in the normal course of business	121,100	198,660
Services provided to the council in the normal course of business	17,120	18,563
Accounts payable to the council for services provided in the normal course of business	7,388	—
Accounts receivable from the council for services provided in the normal course of business	575	—

#### Northland Stevedoring Services (UJV)

Services provided by the council in the normal course of business	—	70
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Full information on council's Commitments, Contingencies and Significant Related Party Transactions can be found in the full 2011-2012 Annual Report.

## Operating lease commitments

The group leases property, plant and equipment in the normal course of business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

### OPERATING LEASE COMMITMENTS

For the year ended 30 June 2012

The council has no lease commitments.

	NPC 30-Jun-12 \$	NPC 30-Jun-11 \$	NRCCT 30-Jun-12 \$	NRCCT 30-Jun-11 \$	Consolidated 30-Jun-12 \$	Consolidated 30-Jun-11 \$
Not later than one year	220,614	197,913	33,060	42,022	253,674	239,935
Later than one year and not later than five years	630,674	599,591	13,020	26,829	643,694	626,420
Later than five years	907,341	1,014,789	—	—	907,341	1,014,789
<b>TOTAL OPERATING LEASES</b>	<b>1,758,629</b>	<b>1,812,293</b>	<b>46,080</b>	<b>68,851</b>	<b>1,804,709</b>	<b>1,881,144</b>

## Contingent assets and liabilities

The council had no contingent liabilities as at 30 June 2012 (30 June 2011: nil). However, the group held contingent liabilities for bonds \$75,000 (2011: \$75,000), share of associate companies contingent liabilities \$675,000 (2011: \$675,000) and postponed rates \$206,762 (2011: \$93,526). As at 30 June 2012 council held contingent assets of \$73,269 (30 June 2011: \$193,268) for Emissions Trading Scheme Credits it expects to receive in 2013 subject to their being no change in legislation.

## Accounting standards issued but not yet effective

There are number of accounting standards which have been issued but are not yet effective. Full details of these accounting standards can be found in the accounting policies included in the Annual Report.

## Events after balance date

Subsequent to balance date, Northland Port Corporation (NZ) Limited declared a fully imputed dividend of five cents per share with payment made 21 September 2012\*. There were no other significant events after balance date.

\* Subsequent to year end, the remaining Northland Regional Community Trust assets were transferred to council in accordance with the Trust deed. The fair value of these assets and liabilities was \$233,356.

### INDEPENDENT AUDITOR'S REPORT

To the readers of  
Northland Regional Council and group's  
Summary of the Annual Report  
for the year ended 30 June 2012

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

We have audited the summary of the annual report (the summary) as set out on pages 2 to 35, which was derived from the audited statements in the annual report of the Northland Regional Council (the Regional Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 16 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the Regional Council and group's Council Activities and summaries of other information contained in its annual report.

#### Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

#### Basis of opinion

The audit was conducted in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 16 October 2012 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the Regional Council and group.

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor, which includes obligations to carry out the audit of the annual report and the audit of the long term plan, we have no relationship with, or interests in, the Regional Council or any of its subsidiaries.



F Caetano  
Audit New Zealand  
On behalf of the Auditor General  
Auckland, New Zealand  
15 November 2012