



Hokitika AIRPORT

ANNUAL REPORT



HOKITIKA AIRPORT LIMITED

For The Year Ended 30 June 2014

Independent Auditor's Report

To the readers of Hokitika Airport Limited's financial statements and statement of performance for the year ended 30 June 2014

The Auditor-General is the auditor of Hokitika Airport Limited (the company). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 7 to 9 and 11 to 22, that comprise the balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance of the company on page 10.

Opinion

Financial statements and statement of performance

In our opinion:

- the financial statements of the company on pages 7 to 9 and 11 to 22:
 - comply with generally accepted accounting practice in New Zealand;
 - give a true and fair view of the company's:
 - financial position as at 30 June 2014;
 - financial performance and cash flows for the year ended on that date;
- the statement of performance of the company on page 10:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 22 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control 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 company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

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

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

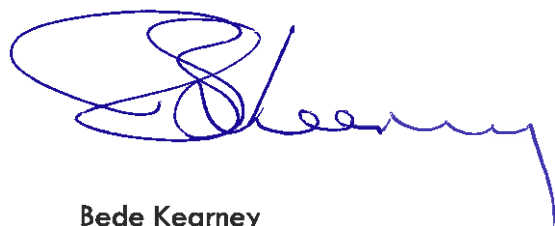
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORS' REPORT

DIRECTORS' REPORT & DECLARATION

FOR THE YEAR ENDED 30 JUNE 2014

The Directors of Hokitika Airport Limited have pleasure in presenting the Annual Report together with the audited financial statements of the Company's operations for the year ended 30 June 2014.

Hokitika Airport Ltd was founded in December 2001 and commenced operation on 01 July 2002. The company is a wholly owned subsidiary of Westland Holdings Limited.

The registered office of the company is at the offices of Cuffs Ltd, 51 Tancred Street, HOKITIKA.

• **PRINCIPAL ACTIVITIES**

The Company's principal activities during the year were:

- ◆ Operation of Aerodrome and Cafe at Hokitika Airport;
- ◆ Management of Land & Buildings surrounding the Airport as Landlord and
- ◆ Operation of Helipads at Franz Josef.

• **REVIEW OF OPERATIONS**

Results for the Year Ended 30 June 2014	\$000
Net Surplus before Taxation	100
Taxation	<u>28</u>
Net Surplus after Taxation	<u>72</u>
Movements in Equity	
Equity (opening balance)	2,638
Dividends Paid to Owners	(10)
Issue of Equity to Owners	-
Surplus after Taxation	<u>72</u>
Equity (closing balance)	<u>2,700</u>

DIRECTORS' REPORT

• SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the company in the year under review.

• DIRECTORS' INTERESTS

Directors have had interests in transactions with the company during the year. Refer note 14 Related Party Transactions.

There were no notices from Directors requesting to use company information received in their capacity as Directors, which would not otherwise be available to them.

• DIRECTORS

Retirement and appointment of directors for the year were as follows:

Retirement

R B Smith resigned as director on 20 August 2013

Appointment

Nil

• REMUNERATION OF DIRECTORS

The Directors received the following remuneration during the year:-

L R Singer	\$11,000
L J Robinson	\$11,000
M Fekkes	\$11,000
R B Smith	\$1,500

• REMUNERATION OF EMPLOYEES

There were no employees or former employees whose remuneration and benefits package was more than \$100,000 during the year.

DIRECTORS' REPORT

• INDEMNITY AND INSURANCE

Directors' and Officers' Liability Insurance has been arranged by the company.

• DONATIONS

The total amount of donations made by the company during the year is NIL

• AUDITORS

The Auditor-General is appointed under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

• DIRECTORS' DECLARATION

In the opinion of the directors of Hokitika Airport Ltd, the financial statements and notes on pages 7 to 22

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 30 June 2014 and the results of their operations and cash flows for the year ended on that date
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

DIRECTORS' REPORT

For and on behalf of the Board



L J Robinson

Chairperson

Date 22/9/14



L R Singer

Director

Date 22-9-14



STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Note	2013/14 \$000	2012/13 \$000
Revenue			
Lease Receipts		200	153
Services		372	402
Interest Received		-	-
		<u>572</u>	<u>555</u>
Less Expenditure			
Administrative Expenses		282	277
Depreciation & Impairment Losses	11	108	90
Interest Paid		21	19
Repairs & Maintenance		61	82
	4	<u>472</u>	<u>468</u>
Profit before Income Tax		100	87
Income tax expense	5	28	24
Profit/(Loss) for the period		<u>72</u>	<u>63</u>
Other Comprehensive Income:		-	-
Total Comprehensive Income		<u>72</u>	<u>63</u>



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014

	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2013	2,718	(80)	2,638
Profit/(loss) for the period and Total comprehensive income	-	72	72
			-
Dividends to equity holders	6	(10)	(10)
Balance 30 June 2014	<u>2,718</u>	<u>(18)</u>	<u>2,700</u>
Balance 1 July 2012	2,718	(133)	2,585
Profit/(loss) for the period and Total comprehensive income	-	63	63
			-
Dividends to equity holders	6	(10)	(10)
Balance 30 June 2013	<u>2,718</u>	<u>(80)</u>	<u>2,638</u>



BALANCE SHEET
as at 30 June 2014

	Note	30 June 2014 \$000	30 June 2013 \$000
EQUITY			
Share capital	6	2,718	2,718
Retained Earnings		(18)	(80)
		<u>2,700</u>	<u>2,638</u>
represented by:			
CURRENT ASSETS			
Bank Current Account		52	53
Trade and other receivables	7	55	53
		<u>107</u>	<u>106</u>
CURRENT LIABILITIES			
Trade and other payables		41	113
Current Portion Term Loan	12	67	71
Tax Payable		13	12
Income in advance		2	21
		<u>123</u>	<u>217</u>
WORKING CAPITAL		(16)	(111)
NON-CURRENT ASSETS			
Property Plant & Equipment	11	3,282	3,316
NON-CURRENT LIABILITIES			
Term Loan	12	268	276
Deferred Tax Liability	5	298	291
		<u>566</u>	<u>567</u>
		<u>2,700</u>	<u>2,638</u>

L J Robinson
Director
Date: 22/9/14

L R Singer
Director
Date: 22-9-14



STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	2013/14 \$000	2012/13 \$000
<u>Cash Flows from Operating Activities</u>			
<i>Cash was provided from:</i>			
Receipts from customers and other sources		552	609
Interest received		-	-
Total Cash Inflows from Operating Activities		552	609
<i>Cash was disbursed to:</i>			
Payments to employees and suppliers		356	386
Interest Paid		21	19
Income taxes paid		21	-
Total Cash Outflows from Operating Activities		398	405
Net Cash Inflow from Operating Activities	17	154	204
<u>Cash Flows from Investing Activities</u>			
<i>Cash was applied to:</i>			
Purchase of fixed assets		133	324
Total Cash Outflows from Investing Activities		133	324
<u>Cash Flows from Financing Activities</u>			
<i>Cash was provided from:</i>			
Loan Advances		60	347
Total Cash Inflows from Financing Activities		60	347
<i>Cash was applied to:</i>			
Loan Repayments		72	189
Dividends paid		10	10
Total Cash Outflows from Financing Activities		82	199
Net Cash Inflow/(Outflow) from Financing Activities		(22)	148
Net (decrease)/increase in cash & cash equivalents		(1)	28
Cash & cash equivalents at 1 July		53	25
Cash & cash equivalents at 30 June		52	53
<i>Made up of:</i>			
Current Accounts		52	53
Bank Term Investment		-	-
		52	53



STATEMENT OF SERVICE PERFORMANCE

For the period 1 July 2013 to 30 June 2014

	Actual 2013/14 \$000	Target \$000
GROSS REVENUE	572	601
less Operating Expenditure	472	476
NET SURPLUS BEFORE TAXATION	100	125
Taxation Expense	28	38
NET SURPLUS AFTER TAXATION	72	88
EQUITY AT 1 JULY	2,638	2,701
CONTRIBUTIONS FROM OWNERS	-	-
DIVIDENDS	10	10
EQUITY AT 30 JUNE	2,700	2,779
RETURN ON AVERAGE SHAREHOLDERS FUNDS PRE TAX	3.7%	0.5-5%
RETURN ON AVERAGE TOTAL ASSETS PRE TAX	2.9%	0.5-5%
RETURN ON AVERAGE SHAREHOLDERS FUNDS AFTER TAX	2.7%	3.2%
PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS	79.7%	>70%
PERCENTAGE OF TOTAL LIABILITIES TO TOTAL ASSETS	20.3%	<30%
DIVIDENDS AS A PERCENTAGE OF AFTER TAX PROFITS	13.9%	11.4%
COMPLIANCE WITH STATUTORY & REGULATORY COMPLIANCE	NO KNOWN BREACHES	NO BREACHES

GROSS REVENUE

The variance between the Actual Gross Revenue versus the target for the 2013/14 year is due to the following:-

Decrease in the Franz Helipad Landings due to change in charges for Ice Explorer trips

Decrease in expected Lease income due to not purchasing additional planned containers.

Decrease in Casual Landings due to budget looking at increase on previous years, but actual landings were less.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Hokitika Airport Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Hokitika Airport Limited is wholly owned by Westland Holdings Limited.

The company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002, with the company's ultimate parent being the Westland District Council.

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

2. Basis of Preparation

a. Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZIFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements were approved by the board of directors on 22 September 2014.

b. Measurement Base

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

c. Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand.

d. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no material judgements or estimates applied in these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

(a) Property, Plant & Equipment

(i) **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) **Depreciation**

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	2013/14	2012/13
○ buildings	12-40 years	12-40 years
○ plant and equipment	2-25 years	2-25 years
○ runway	0-50 years	0-50 years

(b) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(i) Impairment of receivables

The recoverable amount of the Company's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, being property plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(c) Financial Instruments

The Company categorises its financial assets as loans and receivables, and its financial liabilities as being at amortised cost (trade and other payables).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The company's loans and receivables comprise: cash and cash equivalents, and trade and other receivables.

Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade & Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Interest Bearing Loans

Interest bearing loans are classified as other non-derivative financial instruments.

(d) Goods and Services Tax (GST)

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

(e) Leased Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised on the Company's balance sheet. Investment property held under an operating lease is recognised on the Company's balance sheet at its fair value.

(f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Revenue

(i) Lease

Lease Income from property is recognised in the profit or loss on a straight-line basis over the term of the lease.

(ii) Services

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined based on services performed to date as a percentage of total services to be performed.

NOTES TO THE FINANCIAL STATEMENTS

(h) Lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

(i) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(j) **New Standards and Interpretations not yet adopted**

The amendments to the following standards and interpretations are not expected to have a significant impact on the company's operations:

NZ IFRS 9: Financial Instruments – Classification and Measurement (effective for the financial year ending 30 June 2016).

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, Hokitika Airport Limited can elect to apply the reduced disclosure regime of the Profit Entities Accounting Standards for reporting periods beginning on or after 1 December 2012. Hokitika Airport Limited has not made the decision whether to apply the reduced reporting regime and they have not assessed the implications of the new Accounting Standards Framework at this time.

NOTES TO THE FINANCIAL STATEMENTS

	2013/14	2012/13
	\$000	\$000
4. Nature of Expenses		
<i>The following items are included in the expenditure of the company:</i>		
Audit fees to Audit NZ comprising audit of financial statements	12	11
Directors' Fees	34	36
Donations	-	-
Loss on disposal of property, plant and equipment	-	-
Asset Impairment	-	-
Rental and operating lease costs	25	25
Movement in Provision for Doubtful Debts	-	-
Bad Debts Written off	1	-
Employee Costs	31	31
5. Taxation		
Surplus/(deficit) before taxation	100	87
Prima facie taxation @ 28%	28	24
Less taxation effect of change in deferred tax on buildings	-	-
Plus/(less) taxation effect of permanent differences	-	-
Taxation Expense	<u>28</u>	<u>24</u>
<i>The taxation charge is represented by:</i>		
Current taxation	21	12
Deferred taxation	7	12
	<u>28</u>	<u>24</u>
<i>Deferred Taxation Liability</i>		
Balance as at 1 July	291	279
Movement Recognised in surplus or deficit	7	12
Balance as at 30 June	<u>298</u>	<u>291</u>
The deferred tax assets & liabilities arise due to temporary timing differences in the deductibility of expenditure. All movements in deferred tax assets & liabilities are recognised in the surplus or deficit. Deferred tax assets and liabilities are attributable to the following:		
Property, Plant & Equipment	298	291
Receivables Impairment	-	-
Tax Losses carried forward	-	-
	<u>298</u>	<u>291</u>
<i>Imputation Credit Account</i>		
Balance as at 1 July	-	-
Income Tax Payments	21	-
Income Tax Refunds	-	-
Credit attached to Dividends Received	-	-
Credits attached to Dividends Paid	-	-
Income Tax Payable at year end	13	-
Balance as at 30 June	<u>34</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Share Capital

At 30 June 2014 the company has issued 2,718,056 shares which are fully paid.

All shares carry equal voting rights and the right to share in any surplus on winding up of the company. None of the shares carry fixed dividend rights.

An unimputed dividend of 0.3 cps totalling \$10,000 was paid out to Westland Holdings Ltd on 20 June 2014 (2013: \$10,000)

	2014	2013
	\$000	\$000
7. Trade and other receivables		
Trade Debtors	55	44
GST Receivable	-	9
Provision for Doubtful Debts	-	-
	55	53

For the year ended 30 June 2014 GST of \$4K was payable and is included in the trade and other payables figure.

All receivables relate to New Zealand and their status at the reporting date is as follows:-

	Gross Receivable 2014 \$000	Impairment 2014 \$000	Gross Receivable 2013 \$000	Impairment 2013 \$000
Not past due	54	-	40	-
Past due 0-30 days	-	-	1	-
Past due 31-120 days	1	-	1	-
Past due 121-360 days	-	-	2	-
Past due more than 1 year	-	-	-	-

8. Contingent Liabilities & Contingent Assets

At 30 June 2014, Hokitika Airport Ltd had the following contingent liabilities.

	2014 \$000	2013 \$000
Guarantees:		
Ministry of Economic Development	10	10

The Contingent Liability is a bond for the mining licence held for the extraction of gravel.

There are no contingent assets. (2013, Nil)

9. Capital Commitments

The company has no capital commitments at 30 June 2014 (2013 Nil).

10. Post Balance Date Events

The Directors are not aware of any events subsequent to balance date that require adjustment in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

11. Property, plant and equipment

	Land Improvements & Buildings	Plant & Equipment	Runways, Roading, Drainage & Lighting	Under Construction	Total
	\$000	\$000	\$000	\$000	\$000
Cost or deemed cost					
Balance at 1 July 2012	1,056	97	2,400	14	3,567
Additions	354	18	-	14	386
Disposals	-	-	-	(13)	(13)
Balance at 30 June 2013	1,410	115	2,400	15	3,940
Balance at 1 July 2013	1,410	115	2,400	15	3,940
Additions	58	7	-	9	74
Disposals	-	-	-	-	-
Balance at 30 June 2014	1,468	122	2,400	24	4,014
Depreciation and impairment losses					
Balance at 1 July 2012	245	45	244	13	547
Depreciation for the year	35	11	44	-	90
Impairment Loss	-	-	-	-	-
Disposals	-	-	-	(13)	(13)
Balance at 30 June 2013	280	56	288	-	624
Balance at 1 July 2013	280	56	288	-	624
Depreciation for the year	43	19	46	-	108
Impairment Loss	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2014	323	75	334	-	732
Carrying Amounts					
At 1 July 2012	811	52	2,156	1	3,020
At 30 June 2013	1,130	59	2,112	15	3,316
At 1 July 2013	1,130	59	2,112	15	3,316
At 30 June 2014	1,145	47	2,066	24	3,282

Security

At 30 June 2014 all assets are subject to a general registered security. (2013 Nil).

NOTES TO THE FINANCIAL STATEMENTS

	2013/14	2012/13
	\$000	\$000
12. Loans & Borrowings		
Term Loan	335	347
	<u>335</u>	<u>347</u>

The term loan is split as follows:-

Current	67	71
Non-current	268	276
	<u>335</u>	<u>347</u>

Not later than 1 year	67	71
Later than 1 year and not later than 2 years	67	67
Later than 2 years and not later than 5 years	184	201
Later than 5 years	17	8

A General Security exists over the assets and undertakings of Hokitika Airport Ltd. The security is held by Westpac Banking Corporation (NZ Division) and the security interest amounts to \$350,0000.

Terms and conditions of loans & borrowings and their balances are as follows:-

			Maturing	Interest Repricing due
WDC Secured Loan - Interest Rate N/A (LY 8.00%)	-	-	-	N/A
Westpac Term Loan - Interest Rate 6.35%(LY: 5.7%)	274	289	2019	Variable
Westpac Term Loan - Interest Rate 6.35%(LY: 5.7%)	61	58	2019	Variable

(Carrying value is not materially different to Face value)

In managing interest rate risks, the Company aims to reduce impacts of short-term fluctuations on the Company's earning. Over the longer term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2014 it is estimated that a 1% increase in interest rates would decrease the Company's 2015 profit before tax by approximately \$3,000 (2013: \$3,000)

The company has no formal interest rate hedging policy.

13. Operating Leases

At 30 June 2014, Hokitika Airport Ltd has the following commitments that relate to leases.

	2013/14	2012/13
	\$000	\$000
Not Later than one year	25	25
Later than one year and not later than five years	100	100
Later than five years	303	328

The company leases land & buildings at Hokitika Airport from Westland District Property Ltd. The lease term is for 21years commencing 1 July 2002 and is renewable perpetually. The annual lease amount is \$100.

The company leases land & building at Franz Josef Heliport from Westland District Property Ltd. The lease term is for 21years commencing 1 August 2010 and is renewable perpetually. The annual lease amount is \$25,000.

The leased land & buildings above were transferred from Westland District Council to Westland District Property Ltd during the 2010/11 financial year. The terms of the leases did not change with the change of ownership .

NOTES TO THE FINANCIAL STATEMENTS

Operating leases as lessor

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2013/14	2012/13
	\$000	\$000
Not later than one year	68	38
Later than one year and not later than five years	96	75
Later than five years	96	18
Total non-cancellable operating leases	260	131

No contingent rents have been recognised during the period.

14. Transactions with Related Parties

During the year the Company transacted with businesses in which Directors and Shareholders had an interest.

These transactions were entered into in the ordinary course of the company's business and on its usual terms and conditions.

Details of these interests are as follows:

Director/ Shareholder	Related Party	Type of Transaction	Transaction Amount \$000	Balance 30 June \$000
<i>1 July 2013 to 30 June 2014</i>				
WDC	Westroads Ltd	Purchase - Maintenance contracting services	3	-
WDC	Westroads Ltd	Purchase - New Carpark development	18	-
WDC	Westroads Ltd	Sale - Royalties received	29	16
WDC	Westland District Council	Purchase - Rates	22	-
WDC	Westland District Council	Purchase - Oncharged Insurance Costs	14	-
WDC	Westland District Council	Purchase - Licenses & Levies	1	-
WDC	Westland District Council	Sale - Lease receipts	15	-
WDC	Westland Holdings Ltd	Dividends Paid	10	-
WDC	Westland District Property Ltd	Purchase - Lease	25	2
WDC	Westland District Property Ltd	Purchase - Oncharged Wages & Costs	40	3
WDC	Westland District Property Ltd	Purchase - Management Fees	1	-
WDC	Westland District Property Ltd	Sales - Lease & Oncharged Costs	7	-
<i>1 July 2012 to 30 June 2013</i>				
WDC	Westroads Ltd	Purchase - Maintenance contracting services	167	54
WDC	Westroads Ltd	Sale - Royalties received	18	-
WDC	Westland District Council	Purchase- Interest & rates costs	44	-
WDC	Westland District Council	Loan Repayments	189	-
WDC	Westland District Council	Sale - Lease receipts	15	-
WDC	Westland District Council	Dividends Paid	10	-
WDC	Westland District Property Ltd	Purchase - Lease	67	4
WDC	Westland District Property Ltd	Sales - Lease & Oncharged Costs	4	-
Bruce Smith	Excavator Parts & Machinery	Purchase - Assets & Web Design	41	6
WHL/Graeme King	Renton Hardware Co Ltd	Purchase - Repairs & Maintenance	1	-
WHL/Hugh Little	Stations Inn	Purchase - Entertainment	1	-

No related party debts have been written off or forgiven during the year.

NOTES TO THE FINANCIAL STATEMENTS

Key Management Personnel

The directors are the key management personnel of the company. Their fees are disclosed in note 4 and represent short term employee benefits.

15. Employee Disclosure

Hokitika Airport Ltd only has two employees and has no current or non Current Employee entitlements owing at 30 June 2014. (2013: Nil)

16. Financial Instruments	2014	2013
	\$000	\$000

The accounting policy for financial instruments has been applied to the items below:

Loans and receivables

Cash and cash equivalents	52	53
Trade accounts receivable	55	44

Financial liabilities at amortised cost

Trade and other payables	41	113
Borrowings	335	347

The amounts reported above represent the company's maximum credit exposure for each class of financial instrument. The anticipated contractual cash flows of the financial instruments are not expected to be materially different to the values shown above, and are all anticipated to occur within twelve months of the balance date except borrowings:

	Balance 30-Jun-14	Total Cashflow	1 Year	1-2 Years	3-5 Years	>5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Borrowings	335	390	87	82	204	17

The cash flow figures above are based on the total amount of loans drawn down as at 30 June 2014 \$335,607.

The company has no significant exposure to credit risk, where other receivables are due from government organisations and cash and cash equivalents are held with a reputable organisation.

The approximate weighted average effective interest rate of the financial instruments is as follows:

	2014	2013
	%	%
Cash and cash equivalents	1.4	0.6
Borrowings	6.4	5.7

The Directors do not consider there is any significant exposure to interest rate risk.

There are no interest rate options or interest rate swap agreements in place as at 30 June 2014. (2013: NIL.)

Currency Risk

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

Hokitika Airport Ltd has no exposure to currency risk.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss.

Financial instruments which potentially subject the company to risk consist principally of cash, trade receivables and various off-balance sheet instruments.

NOTES TO THE FINANCIAL STATEMENTS

The company invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the company does not require any collateral or security to support financial instruments with organisations it deals with. There is no significant concentration of receivables with any one customer.

Capital Management

The company's capital includes share capital and retained earnings.

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between higher returns that may be possible with greater gearing and advantages and security afforded by a sound capital position.

The company has a policy of shareholders funds being in the ratio of 50-100% of total assets.

	2014	2013
	\$000	\$000
17. Reconciliation of Net Surplus after Taxation with		
Cash Inflow from Operating Activities		
Net (loss)/profit after taxation	72	63
<i>Add/(less) non cash items:</i>		
Depreciation and impairment losses	108	90
Increase (decrease) in provision for doubtful debts	-	-
Increase in deferred tax liability	7	12
Total Non-Cash Items	115	102
<i>Add/(less) items classified</i>		
<i>as investment activity:</i>		
Net gain/loss on sale of fixed assets	-	-
Capital creditors	59	(63)
Total Investing Activity Items	59	(63)
<i>Add/(less) movements in working capital items:</i>		
Increase/(decrease) in accounts payable and accruals	(72)	36
Increase/(decrease) in income received in advance	(19)	20
Increase/(decrease) in taxation payable	1	12
Decrease/(increase) in subvention payment receivable	-	-
Decrease/(increase) in receivables and prepayments	(2)	34
Working Capital Movement - Net	(92)	102
Net Cash Inflows from Operating Activities	154	204