Hokitika AIRPORT

ANNUAL REPORT

HOKITIKA AIRPORT LIMITED

For The Year Ended 30 June 2017

Independent Auditor's Report

To the readers of Hokitika Airport Limited's financial statements and performance information for the year ended 30 June 2017

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 performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 6 to 22, that comprise the statement of financial position as at 30 June 2017, 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 performance information of the company on page 9.

In our opinion:

- The financial statements of the company on pages 6 to 22:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; 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 New Zealand equivalents to International Financial Reporting Standards.
- The performance information of the company on page 9 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2017.

Our audit was completed on 19 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for 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 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 Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 performance information.

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

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

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 performance information, 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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 performance information 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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 Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 5, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information 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 company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards 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

HOKITKA AIRPORT LIMITED
DIRECTORS REPORT & DECLARATION FOR THE YEAR ENDED 30 JUNE 2017

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 2017.

Legal Name
Hokitika Airport Limited (the Company)

Type of entity and legal basis
The Company is incorporated in New Zealand under the Companies Act 1993. The Company is a wholly owned subsidiary of Westland Holdings Limited which is controlled by the Westland District Council and is a council-controlled organisation as defined in section 6 of the Local Government Act 2002. The Company was founded in December 2001 and commenced operation on 1 July 2002. The registered office of the Company is at the offices of Cuffs Ltd, 51 Tancred Street, HOKITIKA.

The Company's purpose or mission
The primary objective of the Company is to maximise opportunities for the development of commercial and tourism based aviation in Westland and the promotion of Westland as a destination.

Structure of the Company's operations, including governance arrangements
The Company comprises a Board of four Directors who oversee the objectives of the Company. An Airport Manager is responsible for the day-to-day operations of the Airport, a part-time manager oversees the Franz Heliport and one part-time employee provides administration and financial support. From the 1st January 2017, a Chief Executive and Property Manager provided .25 each management time.

Main sources of the Company's cash and resources
Lease & Service receipts from users of the Hokitika Airport & Franz Heli-Airport are the primary sources of income to the Company.

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 2017	**$000**
Net Surplus before Taxation	23
Taxation	13
Net Surplus after Taxation	10

Movements in Equity

Equity (opening balance)	2,855
Dividends Paid to Owners	-
Issue of Equity to Owners	-
Surplus after Taxation	10
Equity (closing balance)	2,865

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' interest
Directors have had no interests in transactions with the company during the year.

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
L R Singer – 28 February 2017
L J Robinson – 31 December 2016
M Fekkes – 31 December 2016

Appointment
I W Hustwick – 31 December 2016
R E C Benton – 31 December 2016
P M Cox – 31 December 2016
L J Martin – 12 March 2017

Remuneration of Directors
The Directors received the following remuneration during the year:-

L R Singer	$11,560
L J Robinson	$ 7,500
M Fekkes	$ 7,500
I W Hustwick	$ 5,625
R E C Benton	$ 5,625
P M Cox	$ 5,625
L J Martin	$ 3,386

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

Indemnity & 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 $1,500 (2016: $1,200)

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 6 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 2017 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 Tier 2 For Profit Accounting Standards.

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.

For and on behalf of the Board

I W Hustwick	P M Cox
Chairperson	Director
Date 18 September 2017	Date 18 September 2017

HOKITKA AIRPORT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Actual 2017 $000	*Actual 2016 $000*
Revenue			
Lease Income		211	*229*
Services		484	*418*
Interest Income		-	*1*
Total Revenue		695	*648*
Less Expenditure			
Administrative Expenses		303	*264*
Employee Related Costs	8	106	*46*
Depreciation & Impairment Losses	9	117	*113*
Interest Expense		13	*16*
Repairs & Maintenance		133	*95*
Total Expenses	1	672	534
Profit before Income Tax		*23*	*114*
Income Tax Expense	2	13	32
Profit for the Period		**10**	**82**
Other Comprehensive Income		**-**	**-**
Total Comprehensive Income		**10**	**82**

HOKITKA AIRPORT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

		Share Capital $000	Retained Earnings $000	Total $000
Balance 1 July 2016		2,718	137	2,855
Profit/(loss) for the period and Total comprehensive income		-	10	10
Dividends to equity holders	3	-	-	-
Balance 30 June 2017		**2,718**	**147**	**2,865**
Balance 1 July 2015		*2,718*	*55*	*2,773*
Profit/(loss) for the period and Total comprehensive income		-	*82*	*82*
Dividends to equity holders	3	-	-	-
Balance 30 June 2016		*2,718*	*137*	*2,855*

HOKITKA AIRPORT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Actual 2017 $000	*Actual 2016 $000*
EQUITY			
Share capital	3	2,718	*2,718*
Retained Earnings		147	137
Total Equity		2,865	*2,855*
represented by:			
CURRENT ASSETS			
Bank accounts and Cash		88	*121*
Tax Refundable		10	-
Debtors and other receivables	4	66	*79*
Total current assets		164	*200*
CURRENT LIABILITIES			
Creditors and other payables		104	*65*
Employee Entitlements		4	*4*
Loans	10	75	*77*
Tax Payable		-	*8*
Income in advance		4	*5*
Total Current Liabilites		187	*159*
Working Capital		**(23)**	***41***
NON-CURRENT ASSETS			
Property Plant & Equipment	9	3,289	*3,286*
NON-CURRENT LIABILITIES			
Loans	10	94	*169*
Deferred Tax Liability	2	307	*303*
Total Non-Current Liabilities		401	*472*
Net Assets		*2,865*	*2,855*

HOKITKA AIRPORT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Actual 2017 $000	*Actual 2016 $000*
Cash flows from operating activities			
Receipts from customers and other sources		709	*659*
Interest received		-	*1*
Payments to suppliers & employees		(508)	*(392)*
Interest Paid		(13)	*(16)*
Income taxes paid		(28)	*(11)*
Net cash flow from operating activities	12	160	*241*
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(116)	*(178)*
Net cash flow from investing activties		**(116)**	***(178)***
Cash flows from financing activities			
Loan Advances		-	*50*
Loan Repayments		(77)	*(72)*
Dividends paid		-	*(10)*
Net cash flow from finanicng activties		**(77)**	***(32)***
Net increase/(decrease) in cash for the year		(33)	*31*
Add opening bank accounts and cash		121	*90*
Closing bank accounts and cash		**88**	***121***
Made up of:			
Current Accounts		88	*121*
		88	***121***

HOKITKA AIRPORT LIMITED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017

	ACTUAL 2017 $000	*BUDGET 2017 $000*
Gross revenue	695	*608*
less operating expenditure	672	*540*
Net surplus before taxation	23	*68*
Taxation expense	13	*19*
Net surplus after taxation	**10**	***49***
Opening Equity at 1 July	2,855	*2,812*
Net surplus after taxation	10	*49*
Total Equity at 30 June	2,865	*2,861*
RETURN ON AVERAGE SHAREHOLDERS FUNDS PRE TAX	0.8%	*0.5-5%*
RETURN ON AVERAGE TOTAL ASSETS PRE TAX	0.7%	*0.5-5%*
RETURN ON AVERAGE SHAREHOLDERS FUNDS AFTER TAX	0.3%	*1.7%*
PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS	83.0%	*>70%*
PERCENTAGE OF TOTAL LIABILITIES TO TOTAL ASSETS	*17.0%*	*<30%*
COMPLIANCE WITH STATUTORY & REGULATORY COMPLIANCE	NO KNOWN BREACHES	NO BREACHES
STORAGE UNITS OCCUPANCY	95.3% OCCUPANCY RATE	HIGHEST STORAGE OCCUPANCY RATE POSSIBLE

HOKITIKA AIRPORT LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2017

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 and the Local Government Act 2002.

ACCOUNTING POLICIES APPLIED
BASIS OF PREPARATION

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 Reduced Disclosure Regime ("NZIFRS RDR") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The company has elected to report in accordance with Tier 2 For-Profit Accounting Standards and has applied disclosure concessions. The company is eligible to report in accordance with Tier 2 For-Profit Accounting Standards as it is not publically accountable and has expenses of less than $30 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Company will continue to operate in the foreseeable future.

The financial statements were approved by the board of directors on 18 September 2017.

Measurement Base

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

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.

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.

Goods and Services Tax (GST)

The Company is registered for GST. All amounts in the financial statements are exclusive of goods and services tax (GST) with the exception of Debtors & other receivables and Creditors & other 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.

SIGNIFICANT ACCOUNTING POLICIES

The 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:

PROPERTY, PLANT & EQUIPMENT

Recognition and measurement

Property, plant and equipment is recorded 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.

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.

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:

	2017	2016
o buildings	12-40 years	12-40 years
o plant and equipment	2-25 years	2-25 years
o runway	2-50 years	2-50 years

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.

Impairment of Debtors & other receivables

The recoverable amount of the Company's investments in Debtors & other 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). Debtors & other 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 Debtors & other 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.

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.

FINANCAL INSTRUMENTS

The Company categorises its financial assets as loans and Debtors & other 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: Bank accounts and cash and Debtors & other receivables.

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

Creditors and other payables

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

Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts and call deposits held with banks. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of Bank accounts and cash for the purpose of the statement of cash flows.

Debtors & other receivables

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

Loans

Loans are classified as other non-derivative financial instruments.

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.

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.

REVENUE

Lease income

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

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.

Interest

Interest income is recorded as it is earned during the year.

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.

INCOME TAX PAYMENTS

Income tax expense includes components relating to both current tax and deferred tax.
Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

NEW STANDARDS & 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 2019).

It is unknown at this stage whether the following standards and interpretations will have a material impact on the company's operations:

NZ IFRS 15: Revenue from Contracts with Customers (effective for the financial year ended 30 June 2019).

NZ IFRS 16: Leases (effective for the financial year ended 30 June 2020).

HOKITKA AIRPORT LIMITED
NOTES TO THE ACCOUNTS
AS AT 30 June 2017

1. Nature of Expenses

	2017 $000	*2016 $000*
The following items are included in the expenditure of the company:		
Audit fees to Audit NZ comprising audit of financial statements	15	*13*
Directors' Fees	47	*45*
Donations	2	*1*
Rental and operating lease costs	26	*26*
Movement in Provision for Doubtful Debts	*(4)*	*4*
Bad Debts Written off	5	-

2. Income Tax

	2017 $000	*2016 $000*
Surplus/(deficit) before taxation	23	*114*
Prima facie taxation @ 28%	6	*32*
Plus/(less) taxation effect of permanent differences	7	-
Income Tax Expense	13	*32*
Income Tax expense is represented by		
Current tax	9	*29*
Deferred taxation	4	*3*
	13	*32*
Deferred Taxation Liability		
Balance as at 1 July	303	*300*
Movement Recognised in surplus or deficit	4	*3*
Balance as at 30 June	307	*303*
Deferred tax assets and liabilities are attributable to the following:		
Property, Plant & Equipment (Liability)	308	*305*
Accruals (Asset)	*(1)*	*(2)*
	307	*303*

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.

3. Share Capital

At 30 June 2017 the company has issued 2,718,056 shares which are fully paid. Value per share is $1 with total share value being $2,718,056.

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.

No dividends were declared during the year ended 30 June 2017 (2016: NIL)

4. Debtors and Other Receivables

	2017 $000	2016 *$000*
Trade Debtors	51	*36*
Related Party Debtors	15	*43*
	66	*79*

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

	Gross Receivable 2017 $000	Provision for Doubtful Debts 2017 $000	Gross Receivable 2016 $000	Provision for Doubtful Debts 2016 $000
Not past due	63	-	79	*1*
Past due 0-30 days	1	-	-	-
Past due 31-120 days	2	-	2	*1*
Past due 121-360 days	-	-	2	*2*
Past due more than 1 year	-	-	-	-

5. Contingent Liabilities & Contingent Assets

At 30 June 2017, Hokitika Airport Ltd had the following contingent liabilities.

	2017 $000	2016 *$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. (2016: Nil)

6. Commitments

Capital Commitments: The company has no capital commitments at 30 June 2017 (2016 Nil).

Other Commitments: The company has a contract for painting work on the airport building until 20121. The value of the work contracted that has not yet been performed as at 30 June is $11,000 (2016: $14,000).

7. Post Balance Date Events

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

8. Employee Disclosure

Hokitika Airport Ltd only has four employees and has $4,000 current Employee entitlements owing and no noncurrent Employee entitlements at 30 June 2017 (2016: $4,000).

9. Property, plant and equipment

	Land Improvement & Buildings	Plant & Equipment	Runways, Roading, Drainage & Lighting	Under Construction	Total
	$000	$000	$000	$000	$000
Cost or deemed cost					
Balance at 1 July 2015	1,480	140	2,400	25	4,045
Additions	104	25	33	12	174
Disposals	-	-	-	-	-
Balance at 30 June 2016	1,584	165	2,433	37	4,219
Balance at 1 July 2016	1,584	165	2,433	37	4,219
Additions	113	7	-	-	120
Transfer to Land & Buildin(	12	-	-	(12)	-
Disposals	-	(3)	-	-	(3)
Balance at 30 June 2017	1,709	169	2,433	25	4,336
Depreciation and impairment losses					
Balance at 1 July 2015	357	83	380	-	820
Depreciation for the year	47	19	47	-	113
Impairment Loss	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2016	404	102	427	-	933
Balance at 1 July 2016	404	102	427	-	933
Depreciation for the year	54	19	44	-	117
Impairment Loss	-	-	-	-	-
Disposals	-	(3)	-	-	(3)
Balance at 30 June 2017	458	118	471	-	1,047
Carrying Amounts					
At 1 July 2015	1,123	57	2,020	25	3,225
At 30 June 2016	1,180	63	2,006	37	3,286
At 1 July 2016	1,180	63	2,006	37	3,286
At 30 June 2017	1,251	51	1,962	25	3,289

At 30 June 2017 all assets are subject to a general registered security (2016: all assets).

10. Loans

	2017	*2016*
	$000	$000
Term Loan	169	*246*
The term loan is split as follows:-		
Current	75	*77*
Non-current	94	*169*
	169	246

Not later than 1 year	75	*77*
Later than 1 year and not later than 2 years	61	*75*
Later than 2 years and not later than 5 years	33	*94*
Later than 5 years	-	-

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 (2016: $350,000).

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

	Maturing	**Interest Repricing due**	**2017 $000**	***2016* $000**
Westpac Term Loan - Interest Rate 6.45%(LY: 6.30%)	2019	Variable	120	*171*
Westpac Term Loan - Interest Rate 6.45% (LY: 6.30%)	2019	Variable	13	*29*
Westpac Term Loan - Interest Rate 5.95% (LY: 5.8%)	2021	Variable	36	*46*

(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 2017 it is estimated that a 1% increase in interest rates would decrease the Company's 2017 profit before tax by $2,000 (2016: $2,000)

The company has no formal interest rate hedging policy.

11. Operating Leases

At 30 June 2017, Hokitika Airport Ltd has the following commitments that relate to leases.

	2017 $000	**2016 *$000***
Not Later than one year	26	*26*
Later than one year and not later than five years	103	*103*
Later than five years	234	*260*

The company leases land & buildings at Hokitika Airport from Westland District Property Ltd. The lease term is for 21 years 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 21 years commencing 1 August 2010 and is renewable perpetually. The annual lease amount is $25,750, (2016; $25,750).

The leased land & buildings above were transfered from Westland District Council to Westland District Property Ltd during the 2011 finanical year. The terms of the leases did not change with the change of ownership .

Operating leases as lessor

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

	2017 $000	2016 $000
Not later than one year	84	45
Later than one year and not later than five years	188	44
Later than five years	77	13
Total non-cancellable operating leases	349	102

The company leases land, terminal area, carparks & storage units with varying terms that are negotiated with individual tenants at market rates. Included the company has rented land and buildings for a period of 2 years with 1 3 year right of renewal with annual lease amount of $18,000, and land for a period of 30 years (no right of renewal) with annual lease amount of $3,000

No contingent rents have been recognised during the period.

12. Reconciliation of Net Surplus after Taxation to Net Cashflows from Operating Activities

	2017 $000	2016 *$000*
Cash Inflow from Operating Activities		
Net (loss)/profit after taxation	10	82
Add/(less) non cash items:		
Depreciation and impairment losses	117	*113*
Increase (decrease) in provision for doubtful debts	(4)	*4*
Increase in deferred tax liability	4	*3*
Total Non-Cash Items	117	*120*
Add/(less) items classified as investment activity:		
Capital creditors	(5)	*4*
Total Investing Activity Items	(5)	*4*
Add/(less) movements in working capital items:		
Increase/(decrease) in accounts payable and accruals	40	*19*
Increase/(decrease) in income received in advance	(1)	*1*
Increase/(decrease) in taxation payable	(8)	*8*
Decrease/(increase) in taxation refundable	(10)	*11*
Decrease/(increase) in receivables and prepayments	17	*(4)*
Working Capital Movement - Net	38	*35*
Net Cash Inflows from Operating Activities	**160**	***241***

13. 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
		1 July 2016 to 30 June 2017		
WDC	Westroads Ltd	Purchase - Baggage Claim Area	1	-
WDC	Westroads Ltd	Purchase - Runway Repairs	31	*4*
WDC	Westroads Ltd	Sale - Royalties received	14	*15*
WCD	Westroads Ltd	Sale - Lease Receipts	1	-
WDC	Westland District Council	Purchase - Rates	24	-
WDC	Westland District Council	Purchase - Oncharged Insurance Costs	9	-
WDC	Westland District Council	Purchase - Licenses, Levies & Consents	2	-
WDC	Westland District Council	Sale - Lease receipts	1	-
WDC	Westland District Property Ltd	Purchase - Lease	26	*2*
WDC	Westland District Property Ltd	Purchase - Oncharged Wages & Costs	144	*30*
WDC	Westland District Property Ltd	Purchase - Management Fees	4	-
WDC	Westland District Property Ltd	Sales - Lease Receipts	*5*	-
		1 July 2015 to 30 June 2016		
WDC	Westroads Ltd	Purchase - Maintenance contracting services	4	-
WDC	Westroads Ltd	Purchase - Widen Taxiways & repair Runway	15	*5*
WDC	Westroads Ltd	Sale - Royalties received	37	*41*
WDC	Westland District Council	Purchase - Rates	19	-
WDC	Westland District Council	Purchase - Oncharged Insurance Costs	7	-
WDC	Westland District Council	Purchase - Licenses, Levies & Consents	2	-
WDC	Westland District Council	Sale - Lease receipts	1	*1*
WDC	Westland District Property Ltd	Purchase - Lease	26	*2*
WDC	Westland District Property Ltd	Purchase - Oncharged Wages & Costs	49	*7*
WDC	Westland District Property Ltd	Purchase - Management Fees	4	-
WDC	Westland District Property Ltd	Sales - Lease & Oncharged Costs	*7*	*1*

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

Key Management Personnel

Key management personnel of the company comprises of the directors and the Chief Executive (2016: Directors only)

Key management personnel compensation comprised	2017 $000	2016 $000
Short-term employee benefits	66	45
Termination benefits	-	-
	66	45

There are no loans to or from key management personnel.

14. Financial Instruments

	2017 $000	2016 $000
The accounting policy for financial instruments has been applied to the items below:		
Loans and receivables		
Bank accounts and Cash	88	121
Debtors and other receivables	51	36
Financial liabilities at amortised cost		
Creditors and other payables	104	65
Loans	169	246

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 loans:

	2017 $000	2016 $000
Loan Balance	169	246

	2017 $000	2016 $000
1 Year	83	90
1 - 2 years	65	83
3 - 5 years	34	99
Greater than 5 years	-	-
Total Cashflow	182	272

The cash flow figures are based on the total amount of loans drawn down as at 30 June 2017 $169,000 (2016: 246,000).

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

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

	2017 %	2016 %
Bank accounts and cash	0.05	0.4
Loans	6.34	6.2

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 2017. (2016: 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 bank accounts & cash, debtors & other receivables and various off-balance sheet instruments.

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.