| | |
|---|---|
| Compiled Date | 09/05/2022 |
| File Number | 21.22.61 |

# LGOIMA

When releasing responses to previous LGOIMA requests, names and contact details of individual requestors will be withheld to protect their privacy.

Information requested by the media, lobby groups, public sector organisations and MPs will always be published, while information specific to an individual or their property will not generally be published.

| | |
|---|---|
| **Request from:** | Brad Olsen – Infometrics |
| **Information requested:** | Hokitika Airport Annual Reports |
| **Response by:** | Simon Bastion, Chief Executive |

09 May 2022

Brad Olsen
Infometrics
PO Box 25 – 309
Wellington 6140

Via Email: brad.olsen@infometrics.co.nz

Dear Brad

**Official information request for Hokitika Airport Annual Reports**

I refer to your official information request dated 10 April 2022 for Hokitika Airport Annual Reports from 2007/08 to 2020/21

Enclosed are the reports from 2008, 2009 and 2013.

You can find the 2014 – 2017 reports on our website under Closed Companies here: https://www.westlanddc.govt.nz/your-council/about-council/council-controlled-organisations/

Hokitika Airport LTD and Westland District Properties LTD amalgamated to Destination Westland in June 2018. From 2018 there are no separate airport annual reports. If you are wanting specific information, please contact Melanie Anderson, CEO of Destination Westland, ceo@destinationwestland.co.nz.

We have to refused your request for reports from 2010 – 2012 under section 17(e) – that the document alleged to contain the information requested does not exist or, despite reasonable efforts to locate it, cannot be found.

There is no charge in supplying this information to you.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

**Council has adopted a Proactive Release Policy and accordingly may publish LGOIMA responses on the Council Website at** https://www.westlanddc.govt.nz/lgoima-responses. The collection and use of personal information by the Westland District Council is regulated by the Privacy Act 2020. Westland District Council's Privacy Statement is available on our website here

If you wish to discuss this decision with us, please feel free to contact Mary-anne Bell, Senior Administration Officer at LGOIMA@westlanddc.govt.nz, 03 756 9091.

Sincerely,

**Simon Bastion** | Chief Executive

SB/MB

HOKITIKA AIRPORT LTD Trading As

Westland REGIONAL AIRPORT

# ANNUAL REPORT

# HOKITIKA AIRPORT LIMITED

## For The Year Ended 30 June 2008

HOKITIKA AIRPORT LTD
PO Box 76
HOKITIKA
Administration – Phone 027 290 9943
Fax 03 756 9045
Management – Phone 03 756 8050
hokitika.airport@westlanddc.govt.nz

# CHAIRMAN'S REPORT
# YEAR ENDING 30 JUNE 2008

This year has been both frustrating and rewarding, frustrating because after all the effort and money spent on the Franz Helipad development, it did not go ahead.
Rewarding to see the physical improvements around the Hokitika Airport, the new fencing, new Met Office block and extra parking area and rewarding to know that certification of the Airport is almost signed off, the main benefit of this is that larger aircraft's are then able to operate on a regular basis from Hokitika allowing the potential of the airport to develop and opening up new exciting opportunities

Finances are a sound $24,000 interim profit before audit (85% improvement on previous year). Cash reserves increased to $550,000 (21% increase). In all a good result.

This coming year our focus is on making the Airport a more user friendly place with extensions to the main lounge and upgrading of toilets already at the planning consent stage. The interior will be completely repainted. I would like to take this opportunity to thank all those who have contributed to the Airports success Bruce, Les and Abbie, Liz, Drew, Chris and Cory, Sheryl who runs the café, and Jim Jamieson who volunteers his experience and service to assist the Medi Vac flights at all hours of the night.

Finally I think it is healthy to circulate the chair and after 5 years I will step down as chairman.

Yours Sincerely

Murray Bowes
**Chairman Hokitika Airport Ltd**

# AUDIT REPORT

## TO THE READERS OF HOKITIKA AIRPORT LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Hokitika Airport Limited (the company). The Auditor-General has appointed me, John Mackey, 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, for the year ended 30 June 2008.

**Unqualified Opinion**

In our opinion:

- The financial statements of the company on pages 6 to 20:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of:
    - the company's financial position as at 30 June 2008; and
    - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on page 9 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2008.
- Based on our examination the company kept proper accounting records.

The audit was completed on 30 September 2008, and 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 the Auditor, and explain our independence.

**Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

**Responsibilities of the Board of Directors and the Auditor**

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2008. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This 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 Institute of Chartered Accountants of New Zealand.

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

John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

# DIRECTORS' REPORT & DECLARATION

# FOR THE YEAR ENDED 30 JUNE 2008



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 2008.

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 Cuff Booth Ross Ltd, 51 Tancred Street, HOKITIKA.

- **PRINCIPAL ACTIVITIES**

The Company's principal activities during the year were:

- Operation of Aerodrome at Hokitika Airport;
- Management of Land & Buildings surrounding the Airport as Landlord;

- **REVIEW OF OPERATIONS**

| **Results for the Year Ended 30 June 2008** | **$000** |
|---|---|
| Net Surplus before Taxation | 25 |
| Taxation | 1 |
| Net Surplus after Taxation | 24 |
| | |
| **Movements in Equity** | |
| Equity (opening balance) | 2,569 |
| Issue of Equity to Owners | - |
| Surplus after Taxation | 24 |
| Equity (closing balance) | 2,593 |

- **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 13 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**

M Bowes, L Singer & R Smith continued as directors throughout the 2008 financial year.

- **REMUNERATION OF DIRECTORS**

The Directors received the following remuneration during the year:-

| | |
|---|---|
| L R Singer | $5,000 |
| M F Bowes | $5,000 |
| R B Smith | $5,000 |

- **REMUNERATION OF EMPLOYEES**

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

- **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 6 to 20

- 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 2008 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.

For and on behalf of the Board

| | |
|---|---|
| M F Bowes | R B Smith |
| Director | Director |
| Date 30 - 09 - 08 | Date 30. 09. 08. |

# STATEMENT OF FINANCIAL PERFORMANCE
## For the year ended 30 June 2008

| | Note | 2007/08 $000 | 2006/07 *$000* |
|---|---|---|---|
| **Revenue** | | | |
| Lease Receipts | | 108 | *125* |
| Services | | 123 | *106* |
| Interest Received | | 43 | *29* |
| | | 274 | *260* |
| **Less Expenditure** | | | |
| Administrative Expenses | | 155 | *119* |
| Depreciation | | 65 | *64* |
| Repairs & Maintenance | | 29 | *55* |
| | 4 | 249 | 238 |
| Profit before Income Tax | | *25* | *22* |
| Income tax expense | 5 | 1 | *9* |
| **Profit/Loss for the period** | | *24* | *13* |

# STATEMENT OF CHANGES IN EQUITY

| | Share Capital $000 | Retained Earnings $000 | Total $000 |
|---|---|---|---|
| Balance 1 July 2007 | 2,718 | ( 149) | 2,569 |
| Profit/(loss) for the period / Total recognised income & expenses | - | 24 | 24 |
| Dividends to equity holders | - | - | - |
| **Balance 30 June 2008** | **2,718** | **( 125)** | **2,593** |
| Balance 1 July 2006 | *2,718* | *( 162)* | *2,556* |
| Profit/(loss) for the period / Total recognised income & expenses | - | *13* | *13* |
| Dividends to equity holders | - | - | - |
| Balance 30 June 2007 | *2,718* | *( 149)* | *2,569* |



The accompanying accounting policies and notes form an integral part of the financial statements.

# BALANCE SHEET
## as at 30 June 2008

| | Note | 30 June 2008 $000 | 30 June 2007 $000 |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 6 | 2,718 | 2,718 |
| Retained Earnings | | ( 125) | ( 149) |
| | | 2,593 | 2,569 |
| represented by: | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 9 | 550 | 453 |
| Trade and other receivables | 7 | 40 | 54 |
| | | 590 | 507 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 24 | 24 |
| Income in advance | | 1 | 1 |
| | | 25 | 25 |
| **WORKING CAPITAL** | | **565** | **482** |
| **NON-CURRENT ASSETS** | | | |
| Property Plant & Equipment | 8 | 2,116 | 2,174 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred Tax Liability | 5 | 88 | 87 |
| | | 2,593 | 2,569 |



The accompanying accounting policies and notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS
## For the year ended 30 June 2008

| | Note | 2007/08 $000 | 2006/07 $000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| *Cash was provided from:* | | | |
| Receipts from customers and other sources | | 245 | *242* |
| Interest received | | 43 | *29* |
| **Total Cash Inflows from Operating Activities** | | **288** | ***271*** |
| *Cash was disbursed to:* | | | |
| Payments to employees and suppliers | | 184 | *162* |
| Interest Paid | | - | - |
| Income taxes paid | | - | - |
| **Total Cash Outflows from Operating Activities** | | **184** | ***162*** |
| **Net Cash Inflow from Operating Activities** | 14 | **104** | ***109*** |
| **Cash Flows from Investing Activities** | | | |
| *Cash was provided from:* | | | |
| **Total Cash Inflows from Investing Activities** | | - | - |
| *Cash was applied to:* | | | |
| Purchase of fixed assets | | 7 | *16* |
| **Net Cash Outflow from Investing Activities** | | **( 7)** | ***( 16)*** |
| **Cash Flows from Financing Activities** | | | |
| *Cash was provided from:* | | | |
| **Total Cash Inflows from Financing Activities** | | - | - |
| *Cash was applied to:* | | | |
| **Total Cash Outflows from Financing Activities** | | - | - |
| **Net Cash Inflow from Financing Activities** | | - | - |
| Net (decrease)/increase in cash & cash equivalents | | 97 | *93* |
| Cash & cash equivalents at 1 July | | 453 | *360* |
| **Cash & cash equivalents at 30 June** | | **550** | ***453*** |
| *Made up of:* | | | |
| Current Account | | 23 | *21* |
| Bank Term Investment | | 527 | *432* |
| | | 550 | ***453*** |

# STATEMENT OF PERFORMANCE
## For the period 1 July 2007 to 30 June 2008

| | Actual 2007/08 $000 | *Target $000* |
|---|---|---|
| GROSS REVENUE | 274 | *245* |
| less Operating Expenditure | 249 | *225* |
| NET SURPLUS BEFORE TAXATION | 25 | *20* |
| Taxation Expense | 1 | *16* |
| NET SURPLUS AFTER TAXATION | 24 | *4* |
| | | |
| EQUITY AT 1 JULY | 2,569 | *2,554* |
| CONTRIBUTIONS FROM OWNERS | - | - |
| DIVIDENDS | - | - |
| EQUITY AT 30 JUNE | 2,593 | *2,560* |
| | | |
| RETURN ON AVERAGE SHAREHOLDERS FUNDS PRE TAX | 1.0% | |
| RETURN ON AVERAGE TOTAL ASSETS PRE TAX | 0.9% | |
| PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS | 95.8% | *40-100%* |
| DIVIDENDS AS A PERCENTAGE OF AFTER TAX PROFITS | 0.0% | *0.00%* |
| DEBT TO EQUITY RATIO | 0:100 | *< 60:40* |



The accompanying accounting policies and notes form an integral part of 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 30 September 2008.

### 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

## 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 statement of financial performance as incurred.

**(III) Depreciation**

Depreciation is recognised in the statement of financial performance 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:

| | |
|---|---|
| o buildings | 25-40 years |
| o plant and equipment | 2-13 years |
| o runway | 0-37 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 statement of financial performance.

**(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 and mining licences, 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 statement of financial performance. 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.

**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.

## (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) Rentals**
Rental Income from investment property is recognised in the statement of financial performance on a straight-line basis over the term of the lease.

**(ii) Services**
Revenue from services rendered is recognised in the statement of financial performance in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

### (h) Lease payments

Payments made under operating leases are recognised in the statement of financial performance 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 statement of financial performance except to the extent that it relates to items recognised directly in equity, in which case it is recognised in 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.

### (l) Standards not yet adopted

The following new standards, interpretations and amendments are not yet effective for the year ended 30 June 2008, and have not been applied in preparing these financial statements:

| | **Effective for annual reporting periods commencing on or after** |
|---|---|
| NZ IFRS 8, operating segments | 1 January 2009 |
| NZ IAS 23, borrowing costs | 1 January 2009 |

The company has not yet determined the potential impact of the new standards, interpretations and amendments.

| | 2007/08 $000 | 2006/07 $000 |
|---|---|---|
| **4. Nature of Expenses** | | |
| *The following items are included in the expenditure of the company:* | | |
| Audit fees to Audit NZ comprising audit of financial statements | 9 | 10 |
| Directors' Fees | 15 | 12 |
| Donations | - | - |
| Rental and operating lease costs | 1 | 1 |
| Movement in Provision for Doubtful Debts | - | (2) |
| Bad Debts Written off | - | 3 |

| | 2007/08 $000 | 2006/07 $000 |
|---|---|---|
| **5. Taxation** | | |
| Surplus/(deficit) before taxation | 25 | 22 |
| Prima facie taxation @ 33% | 8 | 7 |
| Plus tax effect of group loss offset | - | - |
| Plus/(less) taxation effect of permanent differences | (7) | 2 |
| Taxation Expense | 1 | 9 |
| *The taxation charge is represented by:* | | |
| Current taxation | - | - |
| Deferred taxation | 1 | 9 |
| | 1 | 9 |
| *Deferred Taxation Liability* | | |
| Balance as at 1 July | 87 | 78 |
| Movement Recognised in Statement of Financial Performance | 1 | 9 |
| Balance as at 30 June | 88 | 87 |

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 income statement.
Deferred tax assets and liabilities are attributable to the following:

| | 2007/08 $000 | 2006/07 $000 |
|---|---|---|
| Property, Plant & Equipment (Asset) | 97 | 95 |
| Tax Losses carried forward | ( 12) | (8) |
| | 85 | 87 |

*Imputation Credit Account*

The balance of the Imputation Credit Account is $Nil. (2007 $Nil)
There were no transactions in either this year or the previous year.

**6. Share Capital**

At 30 June 2008 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.

| **7. Trade and other receivables** | **2007/08** | **2006/07** |
|---|---|---|
| | **$000** | ***$000*** |
| Trade Debtors | 37 | *50* |
| GST Receivable | - | 3 |
| Interest Accrued | 3 | 2 |
| Provision for Doubtful Debts | - | ( 1) |
| | 40 | *54* |

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

| | Gross Receivable | Impairment | Gross Receivable | Impairment |
|---|---|---|---|---|
| | **2007/08** | **2007/08** | **2006/07** | **2006/07** |
| | **$000** | **$000** | ***$000*** | ***$000*** |
| Not past due | 29 | - | 44 | - |
| Past due 0-30 days | - | - | - | - |
| Past due 31-120 days | 1 | - | 1 | 1 |
| Past due 121-360 days | 5 | - | 10 | - |
| Past due more than 1 year | 5 | - | - | - |

**8. 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 2006 | 580 | 11 | 1,868 | - | 2,459 |
| Additions | - | 16 | - | - | 16 |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2007 | 580 | 27 | 1,868 | - | 2,475 |
| | | | | | |
| Balance at 1 July 2007 | 580 | 27 | 1,868 | - | 2,475 |
| Additions | - | 10 | - | - | 10 |
| Disposals | - | ( 4) | - | - | ( 4) |
| Balance at 30 June 2008 | 580 | 33 | 1,868 | - | 2,481 |

| | | | | | |
|---|---|---|---|---|---|
| **Depreciation and impairment losses** | | | | | |
| Balance at 1 July 2006 | 89 | 3 | 145 | - | 237 |
| Depreciation for the year | 23 | 4 | 37 | - | 64 |
| Impairment Loss | - | - | - | - | - |
| Disposals | | - | | | - |
| Balance at 30 June 2007 | 112 | 7 | 182 | - | 301 |
| | | | | | |
| Balance at 1 July 2007 | 112 | 7 | 182 | - | 301 |
| Depreciation for the year | 22 | 5 | 38 | - | 65 |
| Impairment Loss | - | - | - | - | - |
| Disposals | - | ( 1) | | - | ( 1) |
| Balance at 30 June 2008 | 134 | 11 | 220 | - | 365 |
| | | | | | |
| **Carrying Amounts** | | | | | |
| At 1 July 2006 | 491 | 8 | 1,723 | - | 2,222 |
| At 30 June 2007 | 468 | 20 | 1,686 | - | 2,174 |
| | | | | | |
| At 1 July 2007 | 468 | 20 | 1,686 | - | 2,174 |
| At 30 June 2008 | 446 | 22 | 1,648 | - | 2,116 |

**Security**

At 30 June 2008 no property plant or equipment is the subject of any security. (2007 Nil)

## 9. Cash and cash equivalents

| | 2007/08 | 2006/07 |
|---|---|---|
| | $000 | *$000* |
| Cash at bank | 23 | *21* |
| Term deposits | 527 | *433* |
| | 550 | *454* |

Interest-bearing held to maturity financial assets, with a carrying value of $527,000 as at 30 June 2008 (2007 $432,000) has an interest rate of 8.37% (2007 7.95%) and matures in 1 month.

## 10. Contingent Liabilities

At 30 June 2008, Hokitika Airport Ltd had no contingent liabilities (2007 Nil.)

## 11. Capital Commitments

At 30 June 2008, Hokitika Airport Ltd had no capital commitments for the purchase of property plant & equipment (2007 Nil)

**12. Operating Leases**

At 30 June 2008, Hokitika Airport Ltd has the following commitments that relate to leases.

| | 2007/08 $000 | *2006/07 $000* |
|---|---|---|
| Commitment within 12 months | 1 | *1* |
| Commitment between 12 months & 2 years | - | *1* |
| Commitment between 2 years & 5 years | - | - |

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

**13. Transactions with Related Parties**

During the year the Company transacted business 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 2007 to 30 June 2008* | | |
| WDC | Westroads Ltd | Purchase - Maintenance contracting s | 2 | - |
| WDC | Westroads Ltd | Sale - Royalties received | 15 | *10* |
| WDC * | Westland District Council | Purchase-Rates and on charged costs | 31 | *12* |
| WDC * | Westland District Council | Sale - Lease receipts | 2 | - |
| M F Bowes | Wilderness Wings Ltd | Sale - Lease receipts | 5 | - |
| | | *1 July 2006 to 30 June 2007* | | |
| WDC | Westroads Ltd | Purchase - Maintenance contracting s | 19 | *9* |
| WDC | Westroads Ltd | Sales - Royalties received | 21 | *14* |
| WDC * | Westland District Council | Purchase- Rates and on charged costs | 22 | - |
| WDC * | Westland District Council | Sale - Lease receipts | 2 | - |
| M F Bowes | Wilderness Wings Ltd | Sale - Lease receipts | 9 | - |

All amounts billed are based on normal market rates and payable or receivable under normal payment terms with the exception that in the 2006/07 year the Council provided secretarial services to the Company free of charge.
In return, the Company forgoed lease rental income in respect of certain property on the airport site.
The value of this exchange was estimated at $8,000 per annum

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

**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.

| | 2007/08 $000 | 2006/07 $000 |
|---|---|---|
| **14. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities** | | |
| Net surplus after taxation | 24 | *13* |
| *Add/(less) non cash items:* | | |
| Depreciation | 65 | *64* |
| Increase (decrease) in provision for doubtful debts | ( 1) | *( 2)* |
| Increase in deferred tax liability | 1 | *9* |
| **Total Non-Cash Items** | 65 | *71* |
| *Add/(less) items classified as investment activity:* | | |
| Net (gain)/loss on sale of fixed assets | - | - |
| **Total Investing Activity Items** | | - |
| *Add/(less) movements in working capital items:* | | |
| Increase/(decrease) in accounts payable and accruals | - | *12* |
| Increase/(decrease) in income received in advance | - | - |
| Decrease/(increase) in receivables and prepayments | 15 | *13* |
| **Working Capital Movement - Net** | 15 | *25* |
| **Net Cash Inflows from Operating Activities** | **104** | ***109*** |

**15. Employee Disclosure**

Hokitika Airport Ltd has no employees

**16. Post Balance Date Events**

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

**17. Financial Instruments**

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

| | 2007/08 $000 | 2006/07 $000 |
|---|---|---|
| *Loans and receivables* | | |
| Cash and cash equivalents | 550 | *453* |
| Trade accounts receivable | 40 | *54* |
| *Financial liabilities at amortised cost* | | |
| Trade and other payables | 24 | *24* |

The amounts reported on the previous page represents 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.

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:

| | 2007/08 | 2006/07 |
|---|---|---|
| | % | % |
| Cash and cash equivalents | 8.4 | 8.4 |
| Trade and other receivables | 0.0 | 0.0 |
| Trade and other payables | 0.0 | 0.0 |

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 2008. (2007 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.

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 is 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 40-100% of total assets.

HOKITIKA AIRPORT LTD Trading As

# Westland REGIONAL AIRPORT

## ANNUAL REPORT

## HOKITIKA AIRPORT LIMITED

**For The Year Ended 30 June 2009**

# Audit Report

## To the readers of Hokitika Airport Limited's financial statements and performance information for the year ended 30 June 2009

The Auditor-General is the auditor of Hokitika Airport Limited (the company). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company for the year ended 30 June 2009.

## Unqualified Opinion

In our opinion:

- The financial statements of the company on pages 6 to 20:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of:
    - the company's financial position as at 30 June 2009; and
    - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on page 9 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2009.
- Based on our examination the company kept proper accounting records.

The audit was completed on 29 September 2009, and 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 the Auditor, and explain our independence.

## Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

## Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2009. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This 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 Institute of Chartered Accountants of New Zealand.

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

John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

# DIRECTORS' REPORT & DECLARATION

# FOR THE YEAR ENDED 30 JUNE 2009



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 2009.

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 Cuff Booth-Ross Ltd, 51 Tancred Street, HOKITIKA.

- **PRINCIPAL ACTIVITIES**

The Company's principal activities during the year were:

- Operation of Aerodrome at Hokitika Airport;
- Management of Land & Buildings surrounding the Airport as Landlord;

- **REVIEW OF OPERATIONS**

| **Results for the Year Ended 30 June 2009** | **$000** |
|---|---|
| Net Surplus before Taxation | 29 |
| Taxation | 10 |
| Net Surplus after Taxation | 19 |

| **Movements in Equity** | |
|---|---|
| Equity (opening balance) | 2,593 |
| Issue of Equity to Owners | - |
| Surplus after Taxation | 19 |
| Equity (closing balance) | 2,612 |

- **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 13 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**

M Bowes, L Singer & R Smith continued as directors throughout the 2009 financial year.

- **REMUNERATION OF DIRECTORS**

The Directors received the following remuneration during the year:-

| | |
|---|---|
| L R Singer | $5,000 |
| M F Bowes | $5,000 |
| R B Smith | $5,000 |

- **REMUNERATION OF EMPLOYEES**

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

- **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 $5,000

- **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 20

- 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 2009 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.

For and on behalf of the Board

M F Bowes
Director
Date 29.09.09

R B Smith
Director
Date 29.09.09

# STATEMENT OF FINANCIAL PERFORMANCE
## For the year ended 30 June 2009

| | Note | 2008/09 $000 | 2007/08 $000 |
|---|---|---|---|
| **Revenue** | | | |
| Lease Receipts | | 117 | *108* |
| Services | | 112 | *123* |
| Interest Received | | 30 | *43* |
| | | 259 | *274* |
| **Less Expenditure** | | | |
| Administrative Expenses | | 157 | *155* |
| Depreciation | 8 | 41 | *65* |
| Repairs & Maintenance | | 32 | *29* |
| | 4 | 230 | 249 |
| Profit before Income Tax | | *29* | *25* |
| Income tax expense | 5 | 10 | *1* |
| **Profit/Loss for the period** | | ***19*** | ***24*** |

# STATEMENT OF CHANGES IN EQUITY
## For the year ended 30 June 2009

| | Share Capital $000 | Retained Earnings $000 | Total $000 |
|---|---|---|---|
| Balance 1 July 2008 | 2,718 | ( 125) | 2,593 |
| Profit/(loss) for the period / Total recognised income & expenses | - | 19 | 19 |
| Dividends to equity holders | - | - | - |
| **Balance 30 June 2009** | **2,718** | **( 106)** | **2,612** |
| Balance 1 July 2007 | *2,718* | *( 149)* | *2,569* |
| Profit/(loss) for the period / Total recognised income & expenses | - | *24* | *24* |
| Dividends to equity holders | - | - | - |
| Balance 30 June 2008 | *2,718* | *( 125)* | *2,593* |

The accompanying accounting policies and notes form an integral part of the financial statements.

# BALANCE SHEET
## as at 30 June 2009

| | Note | 30 June 2009 $000 | 30 June 2008 $000 |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 6 | 2,718 | *2,718* |
| Retained Earnings | | ( 106) | ( 125) |
| | | 2,612 | *2,593* |
| represented by: | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 9 | 444 | *550* |
| Trade and other receivables | 7 | 36 | *40* |
| | | 480 | *590* |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 50 | *24* |
| Income in advance | | 1 | *1* |
| | | 51 | *25* |
| **WORKING CAPITAL** | | **429** | **565** |
| **NON-CURRENT ASSETS** | | | |
| Property Plant & Equipment | 8 | 2,281 | *2,116* |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred Tax Liability | 5 | 98 | *88* |
| | | *2,612* | *2,593* |



The accompanying accounting policies and notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS
## For the year ended 30 June 2009

| | Note | 2008/09 $000 | 2007/08 $000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| *Cash was provided from:* | | | |
| Receipts from customers and other sources | | 233 | 245 |
| Interest received | | 30 | 43 |
| **Total Cash Inflows from Operating Activities** | | **263** | **288** |
| *Cash was disbursed to:* | | | |
| Payments to employees and suppliers | | 178 | 184 |
| Interest Paid | | - | - |
| Income taxes paid | | - | - |
| **Total Cash Outflows from Operating Activities** | | **178** | **184** |
| **Net Cash Inflow from Operating Activities** | 14 | **85** | **104** |
| **Cash Flows from Investing Activities** | | | |
| *Cash was provided from:* | | | |
| **Total Cash Inflows from Investing Activities** | | - | - |
| *Cash was applied to:* | | | |
| Purchase of fixed assets | | 191 | 7 |
| **Net Cash Outflow from Investing Activities** | | **( 191)** | **( 7)** |
| **Cash Flows from Financing Activities** | | | |
| *Cash was provided from:* | | | |
| **Total Cash Inflows from Financing Activities** | | - | - |
| *Cash was applied to:* | | | |
| **Total Cash Outflows from Financing Activities** | | - | - |
| **Net Cash Inflow from Financing Activities** | | - | - |
| Net (decrease)/increase in cash & cash equivalents | | ( 106) | 97 |
| Cash & cash equivalents at 1 July | | 550 | 453 |
| **Cash & cash equivalents at 30 June** | | **444** | **550** |
| *Made up of:* | | | |
| Current Account | | 11 | 23 |
| Bank Term Investment | | 433 | 527 |
| | | **444** | **550** |

The accompanying accounting policies and notes form an integral part of the financial statements.

# STATEMENT OF PERFORMANCE
## For the period 1 July 2008 to 30 June 2009

| | Actual 2008/09 $000 | *Target $000* |
|---|---|---|
| GROSS REVENUE | 259 | *252* |
| less Operating Expenditure | 230 | *225* |
| NET SURPLUS BEFORE TAXATION | 29 | *27* |
| Taxation Expense | 10 | *17* |
| NET SURPLUS AFTER TAXATION | 19 | *10* |
| | | |
| EQUITY AT 1 JULY | 2,593 | *2,560* |
| CONTRIBUTIONS FROM OWNERS | - | *-* |
| DIVIDENDS | - | *-* |
| EQUITY AT 30 JUNE | 2,612 | *2,570* |
| | | |
| RETURN ON AVERAGE SHAREHOLDERS FUNDS PRE TAX | 1.1% | |
| RETURN ON AVERAGE TOTAL ASSETS PRE TAX | 1.1% | |
| PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS | 94.6% | *40-100%* |
| DIVIDENDS AS A PERCENTAGE OF AFTER TAX PROFITS | 0.0% | *0.00%* |
| DEBT TO EQUITY RATIO | 0:100 | *< 60:40* |

COMPLIANCE WITH STATUTORY & REGULATORY COMPLIANCE NO KNOWN BREACHES



The accompanying accounting policies and notes form an integral part of 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 29 September 2009

### 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

## 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 statement of financial performance as incurred.

**(iii) Depreciation**

Depreciation is recognised in the statement of financial performance 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:

| | 2008/09 | 2007/08 |
|---|---|---|
| o buildings | 25-40 years | 25-40 years |
| o plant and equipment | 2-13 years | 2-13 years |
| o runway | 0-37 years | 0-37 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 statement of financial performance.

**(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 statement of financial performance. 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 in 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.

**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.

## (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) Rentals**
Rental Income from property is recognised in the statement of financial performance on a straight-line basis over the term of the lease.

**(ii) Services**
Revenue from services rendered is recognised in the statement of financial performance in proportion to the stage of completion of the transaction at the reporting date.

## (h) Lease payments

Payments made under operating leases are recognised in the statement of financial performance 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 statement of financial performance except to the extent that it relates to items recognised directly in equity, in which case it is recognised in 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.

## (l) Standards not yet adopted

The following new standards, interpretations and amendments are not yet effective for the year ended 30 June 2009, and have not been applied in preparing these financial statements:

| | Effective for annual reporting periods commencing on or after |
|---|---|
| NZ IFRS 8, operating segments | 1 January 2009 |
| NZ IAS 23, borrowing costs | 1 January 2009 |
| NZ IAS 1(R), presentation of financial statements | 1 January 2009 |

The company has not yet determined the potential impact of the new standards, interpretations and amendments, except that NZ IAS 1(R) will require the company to prepare a Statement of Comprehensive Income. NZ IFRS 8 is currently subject to review by the FRSB, and may not be required to apply to entities other than listed companies and issuers within the meaning of the Financial Reporting Act 1993.

| | 2008/09 $000 | 2007/08 *$000* |
|---|---|---|
| **4. Nature of Expenses** | | |
| *The following items are included in the expenditure of the company:* | | |
| Audit fees to Audit NZ comprising audit of financial statements | 9 | *9* |
| Directors' Fees | 15 | *15* |
| Donations | 5 | - |
| Rental and operating lease costs | 1 | *1* |
| Movement in Provision for Doubtful Debts | 6 | - |
| Bad Debts Written off | - | - |
| **5. Taxation** | | |
| Surplus/(deficit) before taxation | 29 | *25* |
| Prima facie taxation @ 30% (2008: 33%) | 9 | *8* |
| Plus tax effect of group loss offset | | - |
| Plus/(less) taxation effect of permanent differences | 1 | *( 7)* |
| Taxation Expense | 10 | *1* |
| *The taxation charge is represented by:* | | |
| Current taxation | - | - |
| Deferred taxation | 10 | *1* |
| | 10 | *1* |
| *Deferred Taxation Liability* | | |
| Balance as at 1 July | 88 | *87* |
| Movement Recognised in Statement of Financial Performance | 10 | *1* |
| Balance as at 30 June | 98 | *88* |

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 income statement.

Deferred tax assets and liabilities are attributable to the following:

| | 2008/09 | 2007/08 |
|---|---|---|
| Property, Plant & Equipment | 118 | *97* |
| Receivables Impairment | ( 2) | - |
| Tax Losses carried forward | ( 18) | *(9)* |
| | 98 | 88 |

*Imputation Credit Account*

The balance of the Imputation Credit Account is $Nil. (2008 $Nil)

There were no transactions in either this year or the previous year.

**6. Share Capital**

At 30 June 2009 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.

| **7. Trade and other receivables** | **2009** **$000** | ***2008*** ***$000*** |
|---|---|---|
| Trade Debtors | 32 | *37* |
| GST Receivable | 10 | - |
| Interest Accrued | - | *3* |
| Provision for Doubtful Debts | ( 6) | - |
| | 36 | *40* |

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

| | Gross Receivable **2009** **$000** | Impairment **2009** **$000** | Gross Receivable **2008** ***$000*** | Impairment **2008** ***$000*** |
|---|---|---|---|---|
| Not past due | 10 | - | 29 | - |
| Past due 0-30 days | 1 | - | - | - |
| Past due 31-120 days | 5 | - | 1 | - |
| Past due 121-360 days | 12 | *2* | 5 | - |
| Past due more than 1 year | 4 | *4* | 5 | - |

**8. Property, plant and equipment**

| | Land Improvements & Buildings **$000** | Plant & Equipment **$000** | Runways, Roading, Drainage & Lighting **$000** | Under Construction **$000** | Total **$000** |
|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | |
| Balance at 1 July 2007 | 580 | 27 | 1,868 | - | 2,475 |
| Additions | - | 10 | - | - | 10 |
| Disposals | - | ( 4) | - | - | ( 4) |
| Balance at 30 June 2008 | 580 | 33 | 1,868 | - | 2,481 |
| | | | | | |
| Balance at 1 July 2008 | 580 | 33 | 1,868 | - | 2,481 |
| Additions | 30 | 15 | 102 | 59 | 206 |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2009 | 610 | 48 | 1,970 | 59 | 2,687 |

| | | | | | |
|---|---|---|---|---|---|
| **Depreciation and impairment losses** | | | | | |
| Balance at 1 July 2007 | 112 | 7 | 182 | - | 301 |
| Depreciation for the year | 22 | 5 | 38 | - | 65 |
| Impairment Loss | - | - | - | - | - |
| Disposals | | ( 1) | | - | ( 1) |
| Balance at 30 June 2008 | 134 | 11 | 220 | - | 365 |
| | | | | | |
| Balance at 1 July 2008 | 134 | 11 | 220 | - | 365 |
| Depreciation for the year | 23 | 6 | 12 | - | 41 |
| Impairment Loss | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2009 | 157 | 17 | 232 | - | 406 |
| | | | | | |
| **Carrying Amounts** | | | | | |
| At 1 July 2007 | 468 | 20 | 1,686 | - | 2,174 |
| At 30 June 2008 | 446 | 22 | 1,648 | - | 2,116 |
| | | | | | |
| At 1 July 2008 | 446 | 22 | 1,648 | - | 2,116 |
| At 30 June 2009 | 453 | 31 | 1,738 | 59 | 2,281 |

**Security**

At 30 June 2009 no property plant or equipment is the subject of any security. (2008 Nil).

## 9. Cash and cash equivalents

| | 2009 | 2008 |
|---|---|---|
| | **$000** | ***$000*** |
| Cash at bank | 11 | *23* |
| Term deposits | 433 | *527* |
| | 444 | *550* |

Interest-bearing held to maturity financial assets had a carrying value of $433,000 as at 30 June 2009. (2008 $527,000). $100,000 has an interest rate of 3.0% and matures in 1 month and $333,000 has an interest rate of 4.5% and matures in 3 months (2008 8.37% - 1 month).

## 10. Contingent Liabilities

At 30 June 2009, Hokitika Airport Ltd had no contingent assets or liabilities (2008 Nil.).

## 11. Capital Commitments

The company has no capital commitments at 30 June 2009 (2008 Nil).

**12. Operating Leases**

At 30 June 2009, Hokitika Airport Ltd has the following commitments that relate to leases.

| | 2009 | 2008 |
|---|---|---|
| | $000 | *$000* |
| Commitment within 12 months | - | *1* |
| Commitment between 12 months & 2 years | - | - |
| Commitment between 2 years & 5 years | - | - |

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

**13. Transactions with Related Parties**

During the year the Company transacted business 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 2008 to 30 June 2009* | | |
| WDC | Westroads Ltd | Purchase - Maintenance contracting services | 30 | - |
| WDC | Westroads Ltd | Sale - Royalties received | 16 | - |
| WDC * | Westland District Council | Purchase -Rates and on charged costs | 33 | *13* |
| WDC * | Westland District Council | Sale - Lease receipts | 12 | - |
| M F Bowes | Wilderness Wings Ltd | Sale - Lease receipts | 5 | - |
| | | *1 July 2007 to 30 June 2008* | | |
| WDC | Westroads Ltd | Purchase - Maintenance contracting services | 2 | - |
| WDC | Westroads Ltd | Sales - Royalties received | 15 | *10* |
| WDC * | Westland District Council | Purchase- Rates and on charged costs | 31 | *12* |
| WDC * | Westland District Council | Sale - Lease receipts | 2 | - |
| M F Bowes | Wilderness Wings Ltd | Sale - Lease receipts | 5 | - |

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

**Key Management Personnel**

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

| | 2009 $000 | 2008 $000 |
|---|---|---|
| **14. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities** | | |
| Net surplus after taxation | 19 | *24* |
| *Add/(less) non cash items:* | | |
| Depreciation | 41 | *65* |
| Increase (decrease) in provision for doubtful debts | 6 | *(1)* |
| Increase in deferred tax liability | 10 | *1* |
| **Total Non-Cash Items** | 57 | *65* |
| *Add/(less) items classified as investment activity:* | | |
| Net (gain)/loss on sale of fixed assets | - | - |
| **Total Investing Activity Items** | | - |
| *Add/(less) movements in working capital items:* | | |
| Increase/(decrease) in accounts payable and accruals | 11 | - |
| Increase/(decrease) in income received in advance | - | - |
| Decrease/(increase) in receivables and prepayments | ( 2) | *15* |
| **Working Capital Movement - Net** | 9 | *15* |
| **Net Cash Inflows from Operating Activities** | **85** | ***104*** |

**15. Employee Disclosure**

Hokitika Airport Ltd has no employees

**16. Post Balance Date Events**

Subsequent to 30 June 2009, the company entered into a contract to lease the Franz Josef Heliport land from Westland District Council. The company will manage the Heliport facility, with minimum lease payments over the initial lease period of 5 years of $115,500. The Board anticipates that income and expenditure will increase by $160,000 and $100,000 per annum respectively.

**17. Financial Instruments**

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

| | 2009 $000 | 2008 $000 |
|---|---|---|
| *Loans and receivables* | | |
| Cash and cash equivalents | 444 | *550* |
| Trade accounts receivable | 32 | *40* |

| | | |
|---|---|---|
| *Financial liabilities at amortised cost* | | |
| Trade and other payables | 50 | *24* |

The amounts reported on the previous page represents 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.

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:

| | **2009** | **2008** |
|---|---|---|
| | **%** | **%** |
| Cash and cash equivalents | 4.2 | 8.4 |
| Trade and other receivables | 0.0 | 0.0 |
| Trade and other payables | 0.0 | 0.0 |

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 2009. (2008 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.

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***

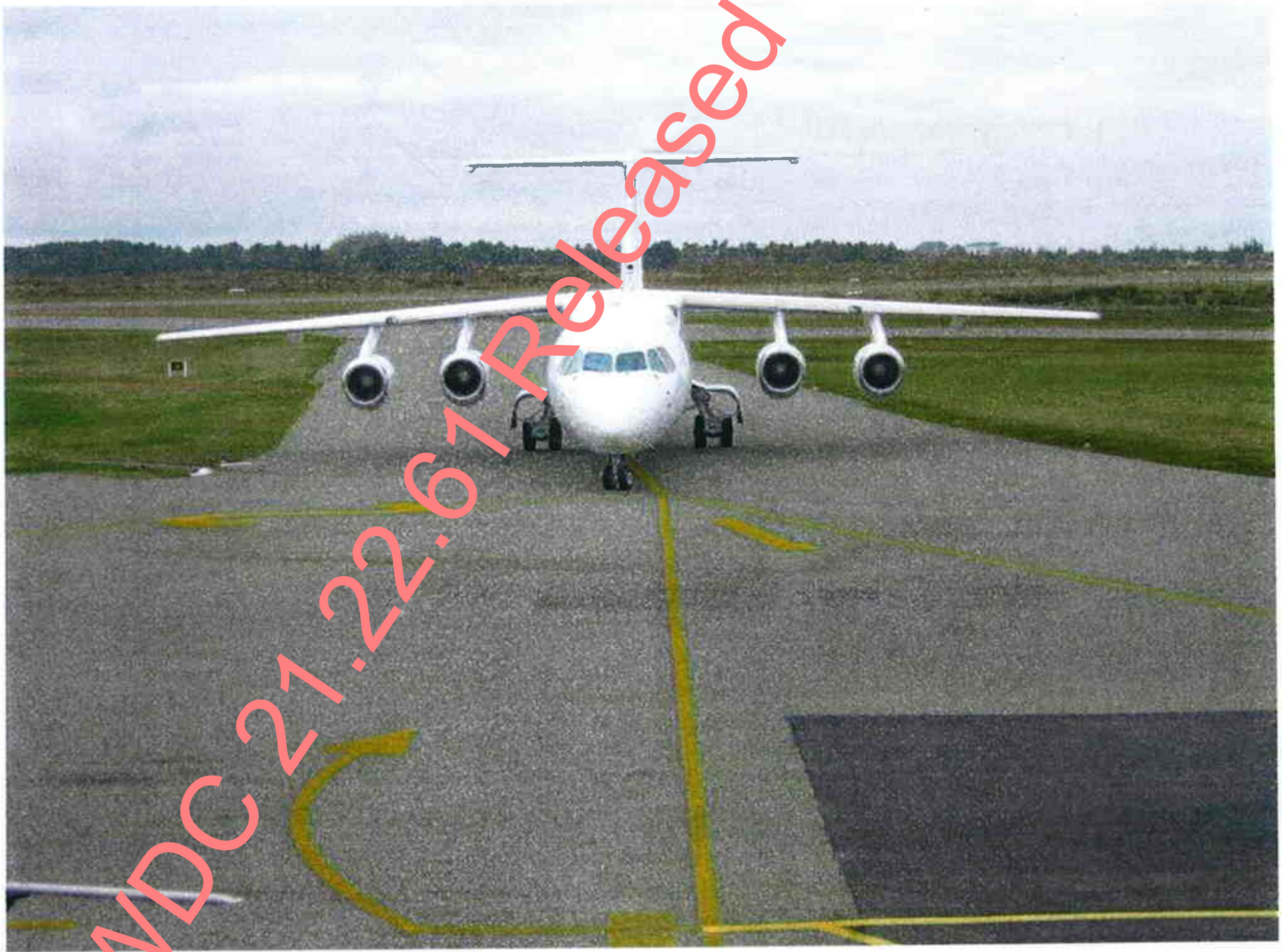
The company's capital includes share capital and retained earnings.

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 40-100% of total assets.

# Hokitika AIRPORT

## ANNUAL REPORT



## HOKITIKA AIRPORT LIMITED

## For The Year Ended 30 June 2013

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

# Independent Auditor's Report

## To the readers of Hokitika Airport Limited's financial statements and statement of service performance for the year ended 30 June 2013

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

We have audited:

- the financial statements of the company on pages 7 to 22, that comprise the balance sheet as at 30 June 2013, 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 service performance of the company on page 10.

## Opinion

### Financial statements and statement of service performance

In our opinion:

- the financial statements of the company on pages 7 to 22:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the company's:
    - balance sheet as at 30 June 2013; and
  - financial performance and cash flows for the year ended on that date; and
- the statement of service 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 2013.

### 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 25 September 2013. 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'[1] 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 also 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.

John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

[1] Appointed Auditors shall replace "readers'" with an equivalent addressee such as "shareholders'" where an actual private sector ownership interest exists or where a private sector ownership interest is anticipated.

# DIRECTORS' REPORT & DECLARATION

# FOR THE YEAR ENDED 30 JUNE 2013

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 2013.

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 2013** | **$000** |
|---|---|
| Net Surplus before Taxation | 87 |
| Taxation | 24 |
| Net Surplus after Taxation | 63 |

| **Movements in Equity** | |
|---|---|
| Equity (opening balance) | 2,585 |
| Dividends Paid to Owners | (10) |
| Issue of Equity to Owners | - |
| Surplus after Taxation | 63 |
| Equity (closing balance) | 2,638 |

- **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:

<u>Retirement</u>

Nil

<u>Appointment</u>

Nil

- **REMUNERATION OF DIRECTORS**

The Directors received the following remuneration during the year:-

| | |
|---|---|
| L R Singer | $9,000 |
| R B Smith | $9,000 |
| L J Robinson | $9,000 |
| M Fekkes | $9,000 |

- **REMUNERATION OF EMPLOYEES**

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

- **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 2013 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.

For and on behalf of the Board

L J Robinson

Director

Date 25/9/13

L R Singer

Director

Date 25-9-13

## STATEMENT OF COMPREHENSIVE INCOME
### For the year ended 30 June 2013



| | Note | 2012/13 $000 | *2011/12 $000* |
|---|---|---|---|
| **Revenue** | | | |
| Lease Receipts | | 153 | *181* |
| Services | | 402 | *361* |
| Interest Received | | - | *4* |
| | | 555 | *546* |
| **Less Expenditure** | | | |
| Administrative Expenses | | 277 | *333* |
| Depreciation & Impairment Losses | 11 | 90 | *92* |
| Interest Paid | | 19 | *17* |
| Repairs & Maintenance | | 82 | *55* |
| | 4 | 468 | 497 |
| **Profit before Income Tax** | | *87* | *49* |
| Income tax expense | 5 | 24 | *( 3)* |
| **Profit/(Loss) for the period** | | **63** | **52** |
| **Other Comprehensive Income:** | | - | - |
| **Total Comprehensive Income** | | **63** | **52** |

## STATEMENT OF CHANGES IN EQUITY
### For the year ended 30 June 2013

| | | Share Capital $000 | Retained Earnings $000 | Total $000 |
|---|---|---|---|---|
| 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** | | **2,718** | **( 80)** | **2,638** |
| *Balance 1 July 2011* | | *2,718* | *( 175)* | *2,543* |
| Profit/(loss) for the period and Total comprehensive income | | - | *52* | *52* |
| Dividends to equity holders | 6 | - | *( 10)* | *( 10)* |
| **Balance 30 June 2012** | | *2,718* | *( 133)* | *2,585* |

The accompanying accounting policies and notes form an integral part of the financial statements.

# BALANCE SHEET
## as at 30 June 2013

| | Note | 30 June 2013 $000 | *30 June 2012 $000* |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 6 | 2,718 | *2,718* |
| Retained Earnings | | ( 80) | ( 133) |
| | | 2,638 | *2,585* |
| represented by: | | | |
| **CURRENT ASSETS** | | | |
| Bank Current Account | | 53 | *25* |
| Trade and other receivables | 7 | 53 | *87* |
| | | 106 | *112* |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 113 | *78* |
| Current Portion Term Loan | 12 | 71 | *47* |
| Tax Payable | | 12 | - |
| Income in advance | | 21 | *1* |
| | | 217 | *126* |
| **WORKING CAPITAL** | | **( 111)** | ***( 14)*** |
| **NON-CURRENT ASSETS** | | | |
| Property Plant & Equipment | 11 | 3,316 | *3,020* |
| **NON-CURRENT LIABILITIES** | | | |
| Term Loan | 12 | 276 | *142* |
| Deferred Tax Liability | 5 | 291 | *279* |
| | | 567 | *421* |
| | | *2,638* | *2,585* |

L J Robinson
Director
Date: 25/9/13

L R Singer
Director
Date: 25-9-13

The accompanying accounting policies and notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS
## For the year ended 30 June 2013

| | Note | 2012/13 $000 | *2011/12 $000* |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| *Cash was provided from:* | | | |
| Receipts from customers and other sources | | 609 | *549* |
| Interest received | | - | *4* |
| **Total Cash Inflows from Operating Activities** | | **609** | ***553*** |
| *Cash was disbursed to:* | | | |
| Payments to employees and suppliers | | 386 | *355* |
| Interest Paid | | 19 | *17* |
| Income taxes paid | | - | *-* |
| **Total Cash Outflows from Operating Activities** | | **405** | ***372*** |
| **Net Cash Inflow from Operating Activities** | 17 | **204** | ***181*** |
| **Cash Flows from Investing Activities** | | | |
| *Cash was applied to:* | | | |
| Purchase of fixed assets | | 324 | *393* |
| **Total Cash Outflows from Investing Activities** | | **324** | ***393*** |
| **Cash Flows from Financing Activities** | | | |
| *Cash was provided from:* | | | |
| Loan Advances | | 347 | *-* |
| **Total Cash Inflows from Financing Activities** | | **347** | ***-*** |
| *Cash was applied to:* | | | |
| Loan Advances/Repayments | | 189 | *44* |
| Dividends paid | | 10 | *10* |
| **Total Cash Outflows from Financing Activities** | | **199** | ***54*** |
| **Net Cash Inflow from Financing Activities** | | **148** | ***( 54)*** |
| Net (decrease)/increase in cash & cash equivalents | | 28 | *( 266)* |
| Cash & cash equivalents at 1 July | | 25 | *291* |
| **Cash & cash equivalents at 30 June** | | **53** | ***25*** |
| *Made up of:* | | | |
| Current Accounts | | 53 | *25* |
| | | **53** | ***25*** |

The accompanying accounting policies and notes form an integral part of the financial statements.

# STATEMENT OF PERFORMANCE
## For the period 1 July 2012 to 30 June 2013

| | Actual 2012/13 $000 | *Target $000* |
|---|---|---|
| GROSS REVENUE | 555 | *469* |
| less Operating Expenditure | 468 | *364* |
| NET SURPLUS BEFORE TAXATION | 87 | *105* |
| Taxation Expense | 24 | *32* |
| NET SURPLUS AFTER TAXATION | 63 | *73* |
| | | |
| EQUITY AT 1 JULY | 2,585 | *2,558* |
| CONTRIBUTIONS FROM OWNERS | - | *-* |
| DIVIDENDS | 10 | *10* |
| EQUITY AT 30 JUNE | 2,638 | *2,621* |
| | | |
| RETURN ON AVERAGE SHAREHOLDERS FUNDS PRE TAX | 3.3% | *0.5-5%* |
| RETURN ON AVERAGE TOTAL ASSETS PRE TAX | 2.7% | *0.5-5%* |
| PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS | 77.1% | *>70%* |
| DIVIDENDS AS A PERCENTAGE OF AFTER TAX PROFITS | 15.9% | *13.7%* |
| DEBT TO EQUITY RATIO | 0.132 | *< 60:40* |
| | | |
| COMPLIANCE WITH STATUTORY & REGULATORY COMPLIANCE | NO KNOWN BREACHES | NO BREACHES |

GROSS REVENUE
The variance between the Actual Gross Revenue versus the target for the 2012/13 year is due to the following:-
Lease income from the unexpected purchase of the Storage Buildings
Increase in Franz Helipad Landings due to the Glacier only being accessible by flights not foot.

OPEARTING EXPENDITURE
The variance between the Actual Operating Expenditure versus the target for the 2012/13 year is due to the following:-
Terminal, Building and other maintenance that was not expected to be carried out was undertaken.

TAXATION EXPENSE:
There is a variance between the taxation percentage used in the Statement of Intent and the Actual Results.
The Statement of Intent taxation figure was based on the old tax rate of 30% while the actual figure was calculated using the current rate of 28%.

## 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 25 September 2013.

### 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

## 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:

| | **2012/13** | **2011/12** |
|---|---|---|
| o buildings | 12-40 years | 12-40 years |
| o plant and equipment | 2-25 years | 2-25 years |
| o 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.

(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.

**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) Rentals**
Rental 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.

## (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 IAS 1:** Presentation of Items of Other Comprehensive Income – Amendments to NZ 1 (effective for the financial year ending 30 June 2014);

**NZ IAS 19:** Employee Benefits (Revised) (effective for the financial year ending 30 June 2014); and

**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.

| | 2012/13 $000 | 2011/12 *$000* |
|---|---|---|
| **4. Nature of Expenses** | | |
| *The following items are included in the expenditure of the company:* | | |
| Audit fees to Audit NZ comprising audit of financial statements | 11 | *11* |
| Directors' Fees | 36 | *34* |
| Donations | - | - |
| Loss on disposal of property, plant and equipment | - | - |
| Asset Impairment | - | *13* |
| Rental and operating lease costs | 25 | *25* |
| Movement in Provision for Doubtful Debts | - | - |
| Bad Debts Written off | - | *1* |
| Employee Costs | 31 | *70* |

| | 2012/13 $000 | 2011/12 *$000* |
|---|---|---|
| **5. Taxation** | | |
| Surplus/(deficit) before taxation | 87 | *49* |
| Prima facie taxation @ 28% | 24 | *14* |
| Less taxation effect of change in deferred tax on buildings | - | *(21)* |
| Plus/(less) taxation effect of permanent differences | - | *4* |
| Taxation Expense | 24 | *( 3)* |
| *The taxation charge is represented by:* | | |
| Current taxation | 12 | - |
| Deferred taxation | 12 | *( 3)* |
| | 24 | *( 3)* |
| *Deferred Taxation Liability* | | |
| Balance as at 1 July | 279 | *282* |
| Movement Recognised in surplus or deficit | 12 | *(3)* |
| Balance as at 30 June | 291 | *279* |

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 | 291 | *280* |
| Receivables Impairment | - | - |
| Tax Losses carried forward | - | ( 1) |
| | 291 | 279 |

*Imputation Credit Account*

The balance of the Imputation Credit Account is $Nil. (2012 $Nil)
There were no transactions in either this year or the previous year.

### 6. Share Capital

At 30 June 2013 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 1 May 2013 (2012: $10,000)

| | 2013 | 2012 |
|---|---|---|
| **7. Trade and other receivables** | **$000** | ***$000*** |
| Trade Debtors | 44 | *87* |
| GST Receivable | 9 | - |
| Provision for Doubtful Debts | - | - |
| | 53 | *87* |

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

| | Gross Receivable 2013 $000 | Impairment 2013 $000 | Gross Receivable 2012 *$000* | Impairment 2012 *$000* |
|---|---|---|---|---|
| Not past due | 40 | - | 85 | - |
| Past due 0-30 days | 1 | - | - | - |
| Past due 31-120 days | 1 | - | - | - |
| Past due 121-360 days | 2 | - | 2 | - |
| Past due more than 1 year | - | - | - | - |

### 8. Contingent Liabilities & Contingent Assets

At 30 June 2013, Hokitika Airport Ltd had the following contingent liabilities.

| | 2013 $000 | 2012 *$000* |
|---|---|---|
| Guarantees: | | |
| Ministry of Economic Development | 10 | *10* |

There are no contingent assets. (2012, Nil)

### 9. Capital Commitments

The company has no capital commitments at 30 June 2013 (2012 Nil).

### 10. Post Balance Date Events

Bruce Smith resigned as a Director of Hokitika Airport Limited on 20 August 2013. The Directors are not aware of any other events subsequent to balance date that require adjustment in these finanical 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 2011 | 1,019 | 75 | 2,137 | 6 | 3,237 |
| Additions | 37 | 22 | 326 | 8 | 393 |
| Disposals | - | - | (63) | - | ( 63) |
| Balance at 30 June 2012 | 1,056 | 97 | 2,400 | 14 | 3,567 |
| | | | | | |
| 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 |
| | | | | | |
| **Depreciation and impairment losses** | | | | | |
| Balance at 1 July 2011 | 212 | 35 | 271 | - | 518 |
| Depreciation for the year | 33 | 10 | 36 | - | 79 |
| Impairment Loss | - | - | - | 13 | 13 |
| Disposals | - | - | ( 63) | - | ( 63) |
| Balance at 30 June 2012 | 245 | 45 | 244 | 13 | 547 |
| | | | | | |
| 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 |
| | | | | | |
| **Carrying Amounts** | | | | | |
| At 1 July 2011 | 807 | 40 | 1,866 | 6 | 2,719 |
| At 30 June 2012 | 811 | 52 | 2,156 | 1 | 3,020 |
| | | | | | |
| At 1 July 2012 | 811 | 52 | 2,156 | 1 | 3,020 |
| At 30 June 2013 | 1,130 | 59 | 2,112 | 15 | 3,316 |

**Security**

At 30 June 2013 all assets are subject to general registered security.(2012 Nil).

| | 2012/13 | 2011/12 |
|---|---|---|
| | $000 | *$000* |
| **12. Loans & Borrowings** | | |
| Term Loan | 347 | *189* |
| | 347 | *189* |
| The term loan are split as follows:- | | |
| Current | 71 | *47* |
| Non-current | 276 | *142* |
| | 347 | *189* |
| Not later than 1 year | 71 | *47* |
| Later than 1 year and not later than 2 years | 67 | *52* |
| Later than 2 years and not later than 5 years | 201 | *90* |
| Later than 5 years | 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%) | - | *189* | - | N/A |
| Westpac Term Loan - Interest Rate 5.70%(LY: N/A) | 289 | - | 2019 | Variable |
| Westpac Term Loan - Interest Rate 5.70%(LY: N/A) | 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 2013 it is estimated that a 1% increase in interest rates would decrease the Company's 2014 profit before tax by approximately $3,000 (2012: NIL)

The company has no formal interest rate hedging policy.

**13. Operating Leases**

At 30 June 2013, Hokitika Airport Ltd has the following commitments that relate to leases.

| | 2013 | 2012 |
|---|---|---|
| | $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 | 328 | *350* |

The company leases land & buildings at Hokitika Airport from Westland District Property Ltd. The lease term is for 21yrs 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 21yrs commencing 1 August 2010 and is renewable perpetually. The annual lease amount is $25,000.

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

### 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** |
|---|---|---|---|---|
| | | *1 July 2012 to 30 June 2013* | | |
| 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 Sales Ltd | 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 | - |
| | | *1 July 2011 to 30 June 2012* | | |
| WDC | Westroads Ltd | Purchase - Maintenance contracting services | 44 | - |
| WDC | Westroads Ltd | Sale - Royalties received and on charged costs | 57 | *47* |
| WDC | Westland District Council | Purchase- Interest, rates, lease and on charged cost | 59 | *20* |
| WDC | Westland District Council | Loan Repayments | 44 | *189* |
| WDC | Westland District Council | Sale - Lease receipts | 13 | - |
| WDC | Westland District Council | Dividends Paid | 10 | - |
| WDC | Westland District Property Ltd | Purchase - Lease | 25 | *2* |
| WDC | Ashley Hotel Ltd | Purchase - Asset | 2 | - |

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

**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 2013. (2012: Nil)

## 16. Financial Instruments

| | 2013 | 2012 |
|---|---|---|
| | $000 | $000 |
| The accounting policy for financial instruments has been applied to the items below: | | |
| *Loans and receivables* | | |
| Cash and cash equivalents | 53 | *25* |
| Trade accounts receivable | 44 | *87* |
| | | |
| *Financial liabilities at amortised cost* | | |
| Trade and other payables | 113 | *78* |
| Borrowings | 347 | *[illegible]89* |

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-13 | Total Cashflow | 1 Year | 1-2 Years | 3-5 Years | >5 years |
|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 |
| Borrowings | 347 | 395 | 84 | 81 | 197 | 33 |

The cash flow figures above are based on the total amount of loans drawn down as at 30 June 2013 $366,045.

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:

| | 2013 | 2012 |
|---|---|---|
| | % | % |
| Cash and cash equivalents | 0.6 | 0.1 |
| Borrowings | 5.7 | 8.0 |

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 2013. (2012: 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.

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.

| | 2013 | 2012 |
|---|---|---|
| | **$000** | ***$000*** |
| **17. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities** | | |
| Net (loss)/profit after taxation | 63 | 52 |
| *Add/(less) non cash items:* | | |
| Depreciation and impairment losses | 90 | *92* |
| Increase (decrease) in provision for doubtful debts | - | - |
| Increase in deferred tax liability | 12 | *( 3)* |
| **Total Non-Cash Items** | 102 | *89* |
| *Add/(less) items classified as investment activity:* | | |
| Net gain/loss on sale of fixed assets | - | - |
| Capital creditors | ( 63) | - |
| **Total Investing Activity Items** | ( 63) | - |
| *Add/(less) movements in working capital items:* | | |
| Increase/(decrease) in accounts payable and accruals | 36 | *34* |
| Increase/(decrease) in income received in advance | 20 | - |
| Increase/(decrease) in taxation payable | 12 | |
| Decrease/(increase) in subvention payment receivable | - | *24* |
| Decrease/(increase) in receivables and prepayments | 34 | *( 18)* |
| **Working Capital Movement - Net** | 102 | *40* |
| **Net Cash Inflows from Operating Activities** | **204** | ***181*** |