

WHAKATANE AIRPORT JOINT VENTURE ANNUAL REPORT

For the year ended 30 June 2008



Whakatane District Council



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INTRODUCTION

This Annual Report provides the financial statements for the Whakatane Airport for the financial year ended 30 June 2008

The Whakatane Airport is a 50:50 joint equity venture between the Council and the Ministry of Transport. The Airport is seen to be a valued community asset that contributes to the wellbeing of residents and is crucial to the economy of the Whakatane District

The Whakatane Airport is also deemed to be a Council Controlled Organisation (CCO) under the Local Government Act 2002. A CCO is a company or organisation in which a Council or Councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers.

SIGNIFICANT POLICIES AND OBJECTIVES OF THE WHAKATANE AIRPORT

- To promote a safe, accessible, affordable and reliable air transport system for the benefit of the economic and social development of the Eastern Bay of Plenty region.
- To ensure the facility is maintained at its present level and increased wherever practicable and economic.
- To ensure that the airport is administered efficiently and effectively, to the benefit of scheduled flight operations.

NATURE AND SCOPE OF ACTIVITIES PROVIDED BY WHAKATANE AIRPORT

The Airport is maintained as a non-certified aerodrome in accordance with the Civil Aviation Authority Aerodrome design for aircraft at or below 5,700 kg Maximum Combined Take-off Weight. Air New Zealand Link provides daily return services to Auckland and Wellington.

Land surplus to the Airport's present requirements is leased for grazing. Areas of the terminal building are leased for activities compatible with the operation of the airport. Lease of Airport land is also available to commercial operators and associated industry.

Air New Zealand Link provides daily return services to Auckland and Wellington.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

		Actual 2008 \$	Actual 2007 \$
Revenue			
Airport Dues		89,591	88,743
Other Revenue	Note 2	<u>107,017</u>	<u>108,190</u>
Total Income		<u>196,608</u>	<u>196,933</u>
Expenditure			
Expenses	Note 3	314,391	230,608
Total Operating Expenditure		<u>314,391</u>	<u>230,608</u>
Net Surplus (Deficit) before Tax		(117,783)	(33,675)
Income Tax Expense	Note 4	0	0
Net Surplus (Deficit)		<u>(117,783)</u>	<u>(33,675)</u>

The Notes and the Statement of Accounting Policies on pages 7 to 21 form part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2008

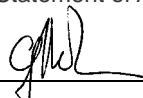
	ACTUAL 2008 \$	ACTUAL 2007 \$
Balance at 1 July	744,856	778,530
Net Surplus (Deficit)	(117,783)	(33,675)
Total recognised income (expenditure)	<u>(117,783)</u>	<u>(33,675)</u>
Balance at the end of the period	<u><u>627,073</u></u>	<u><u>744,856</u></u>

The Notes and the Statement of Accounting Policies on pages 7 to 21 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

		ACTUAL 2008 \$	ACTUAL 2007 \$
Equity			
Capital			
Whakatane District Council	Note 8	154,681	154,681
Crown	Note 8	157,522	157,522
		<u>312,203</u>	<u>312,203</u>
Reserve Funds			
Runway Sealing Fund	Note 8	6,539	4,203
Terminal Depreciation Fund	Note 8	28,206	24,265
		<u>34,745</u>	<u>28,468</u>
Partners Current Accounts			
Whakatane District Council	Note 8	142,460	204,490
Crown	Note 8	137,665	199,694
		<u>280,125</u>	<u>404,184</u>
TOTAL EQUITY		<u>627,073</u>	<u>744,855</u>
Assets			
Current Assets			
Current Account	Note 11	71,454	156,109
Sundry Receivables	Note 5	10,187	27,528
Prepayments	Note 5	1,704	1,200
Total Current Assets		<u>83,345</u>	<u>184,837</u>
Non-Current Assets			
Property, Plant and Equipment	Note 7	582,027	601,383
Intangible Assets (software)	Note 7	0	260
Total Non-Current Assets		<u>582,027</u>	<u>601,643</u>
Total Assets		<u>665,372</u>	<u>786,480</u>
Liabilities			
Current Liabilities			
Trade and Other Payables	Note 6	6,000	9,974
Income In Advance	Note 6	32,299	31,651
Total Current Liabilities		<u>38,299</u>	<u>41,625</u>
Total Liabilities		<u>38,299</u>	<u>41,625</u>
Net Assets		<u>627,073</u>	<u>744,855</u>

The Notes and the Statement of Accounting Policies on pages 7 to 21 form part of the Financial Statements.



Colin Holmes, MAYOR



Diane Turner, CHIEF EXECUTIVE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report consists of the financial statements of Whakatane Airport, which is a 50/50 joint equity venture between the Council and the Crown.

Entities reporting

The financial statements are for Whakatane Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

The primary objective of Whakatane Airport is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Whakatane Airport has designated itself as public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Whakatane Airport are for the year ended 30 June 2008.

Basis of preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Whakatane Airport has taken advantage of certain exemptions available under NZ IFRS.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Whakatane Airport is New Zealand dollars.

Statutory base

Whakatane Airport is a Council Controlled Organisation (CCO) registered under the Local Government Act 2002. This Act requires compliance with New Zealand Generally Accepted Accounting Practice (GAAP). The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002.

Differential reporting

The Whakatane Airport is a qualifying entity within the Framework of Differential Reporting. The Airport is able to apply differential reporting exemptions as it meets the criteria of a differential entity because:

- A) the Airport is not publicly accountable;
- B) the Airport is not large

All differential reporting exemptions have been taken advantage of.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

The Whakatane District Council will continue to provide the necessary support to enable the Whakatane Airport Joint Venture to pay its liabilities as they fall due, including providing funds through the District Fund Account.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Whakatane Airport's accounting policies.

No material estimates were required this accounting period.

Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of rebates and discounts. All revenue is recognised when earned.

Rental revenue

Rental revenue is recognised in the period that it relates to.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Income tax

The Income Tax expense charged to the Statement of Financial Performance is calculated using the taxes payable method and is determined using tax rules.

Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated inclusive of GST.

Commitments and contingencies are disclosed exclusive of GST.

Leases

Whakatane Airport is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

Impairment of assets

Items of property, plant and equipment and intangible assets with finite useful lives are reviewed at each balance date to determine whether there is any indication that the asset might be impaired. Where such an indication exists, the asset is tested for impairment by comparing its carrying value to its recoverable amount. Intangible assets with indefinite useful lives, intangible assets not yet available for use and goodwill are tested for impairment annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use. Where the future economic benefits of the asset are not primarily dependent on its ability to generate net cash inflows, and where Whakatane Airport would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Current Account

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Investments held are recorded at cost price. The bank account is held by Whakatane District Council as part of its General Funds.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that Whakatane Airport will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of financial performance.

Investments and other financial assets

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Whakatane Airport provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non current assets.

Property, plant and equipment

Property, plant and equipment consists of Operational assets, which include land, buildings, plant & equipment and furniture & fittings.

Items of property, plant and equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

All property, plant and equipment is shown at cost less depreciation and impairment costs. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Whakatane Airport and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The expected lives, in years, of major classes of fixed assets areas follows:

Operational assets:	Years:	
Airport Runways, Taxiways and Apron	50	Straight Line
Building	50	Straight Line
Water Supply	100	Straight Line
Plant & Equipment	10	Diminishing Value
Furniture & Fittings	5	Diminishing Value
Fence	5 – 10	Diminishing Value

The Airport land is vested in the Council under the Reserves Act 1997 for use as an Airport. The Airport holds the land "in substance" and is shown at the value at the date of vesting. Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of financial performance.

Intangible assets

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

Trade and other payables

These amounts represent liabilities for goods and services provided to Whakatane Airport prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 2 - OTHER REVENUE

	ACTUAL 2008 \$	ACTUAL 2007 \$
Lease of Buildings	11,183	13,371
Commercial Leases	7,319	8,805
Grazing Leases	70,826	69,534
Interest on Reserve Funds	2,277	1,674
Sundry Income	3,038	3,927
General Interest	12,374	10,879
	<u>107,017</u>	<u>108,190</u>

NOTE 3 - EXPENSES

		ACTUAL 2008 \$	ACTUAL 2007 \$
Depreciation and Amortisation			
Depreciation	Note 8	19,356	18,214
Amortisation	Note 8	260	130
Total Depreciation and Amortisation		<u><u>19,616</u></u>	<u><u>18,344</u></u>
Other Expenses			
Audit Fees		8,000	7,000
Audit other services		0	1,500
Other Operating Expenses		286,775	203,764
Total Other Expenses		<u><u>294,775</u></u>	<u><u>212,264</u></u>
Total Expenses		<u><u>314,391</u></u>	<u><u>230,608</u></u>

NOTE 4 - TAXATION

	ACTUAL 2008 \$	ACTUAL 2007 \$
Income tax		
Net Surplus (Deficit)	(117653)	(33675)
Tax at 33%	(38825)	(11113)
Plus (less) tax effect of:		
Depreciation adjustments	(2970)	(3092)
Tax loss not recognised	41795	14205
Tax expense	<u>0</u>	<u>0</u>
Current tax expense	0	0
Prior year adjustments to current tax	<u>0</u>	<u>0</u>
Tax expense	<u>0</u>	<u>0</u>

Tax losses of \$287,000 (2007: \$160,995) are available to carry forward and offset.

No imputation credits are available to attach to distributions to owners.

NOTE 5 - SUNDRY RECEIVABLES & PREPAYMENTS

	ACTUAL 2008 \$	ACTUAL 2007 \$
Sundry Receivables - Landing Fees	10,187	27,528
Prepayments - Insurance Jardines	1,200	1,200
Prepayments - subs Aviation Industry Association	504	0
	<u>11,891</u>	<u>28,728</u>

NOTE 6 – TRADE AND OTHER PAYABLES AND INCOME IN ADVANCE

	ACTUAL 2008 \$	ACTUAL 2007 \$
Trade and Other Payables - Audit Fees	6,000	0
Trade and Other Payables - Consultants Fees	0	9,974
Income in Advance - Rentals & Leases	32,299	31,651
	<u>38,299</u>	<u>41,625</u>

NOTE 7 – PLANT, PROPERTY AND EQUIPMENT 2007

	Cost/ Revaluation 1 July 2006 \$	Accumulated Depreciation and Impairment 1 July 2006 \$	Net Book Value 1 July 2006 \$	Additions Current Year \$	Disposals Current Year \$	Impairment Current Year \$	Depreciation Current Year \$	Revaluation Current Year \$	Revaluation 30 June 2007 \$	Accumulated Depreciation and Impairment 30 June 2007 \$	Net Book Value 30 June 2007 \$
LAND											
Land	12,246	0	12,246	0	0	0	0	0	12,246	0	12,246
AIRPORT											
Runways & Taxiways	330,601	136,964	193,637	54,717	0	0	7,160	0	385,318	144,124	241,194
Fencing	1,985	0	1,985	0	0	0	0	0	1,985	0	1,985
Fencing	22,952	6,568	16,384	0	0	0	1,868	0	22,952	8,436	14,516
Water Supply	59,612	7,540	52,072	0	0	0	596	0	59,612	8,136	51,476
Aprons	24,195	14,554	9,641	0	0	0	484	0	24,195	15,038	9,157
Water Supply Improvement	4,586	77	4,509	3,006	0	0	61	0	7,592	138	7,454
Radio Transmitter	0	0	0	941	0	0	188	0	941	188	753
Airport Signage	0	0	0	3,040	0	0	608	0	3,040	608	2,432
Grassing	30,133	0	30,133	0	0	0	0	0	30,133	0	30,133
Roading	15,568	0	15,568	0	0	0	0	0	15,568	0	15,568
	489,632	165,703	323,929	61,704	0	0	10,965	0	551,336	176,668	374,668

NOTE 7 – PLANT, PROPERTY AND EQUIPMENT 2007

	Cost/ Revaluation 1 July 2006 \$	Accumulated Depreciation and Impairment 1 July 2006 \$	Net Book Value 1 July 2006 \$	Additions Current Year \$	Disposals Current Year \$	Impairment Current Year \$	Depreciation Current Year \$	Revaluation Current Year \$	Revaluation 30 June 2007 \$	Accumulated Depreciation and Impairment 30 June 2007 \$	Net Book Value 30 June 2007 \$
TERMINAL											
Paths & Parking Area	12,206	0	12,206	0	0	0	0	0	12,206	4,634	7,572
Building	231,696	109,080	122,616	0	0	0	4633.92	0	231,696	109,859	121,837
Floodlighting	10,874	3,080	7,794	0	0	0	779.4	0	10,874	3,080	7,794
Terminal Site Development	65,595	0	65,595	0	0	0	0	0	65,595	1,075	64,520
Automatic Sliding Doors	11,515	2,088	9,427	0	0	0	1,075	0	11,515	2,088	9,427
	331,886	114,248	217,638	0	0	0	6,488	0	331,886	120,736	211,150
WORK SERVICES											
Plant & Equipment	2,800	2,262	538	0	0	0	54	0	2,800	2,316	484
Furniture & Fittings	13,995	10,453	3,542	0	0	0	707	0	13,995	11,160	2,835
	16,795	12,715	4,080	0	0	0	761	0	16,795	13,476	3,319
	850,559	292,666	557,893	61,704	0	0	18,214	0	912,263	310,880	601,383
INTANGIBLE ASSET											
Software	0	0	0	390	0	0	130	0	390	130	260

NOTE 7 – PLANT, PROPERTY AND EQUIPMENT 2008

	Cost/ Revaluation 1 July 2007	Accumulated Depreciation and Impairment 1 July 2007	Net Book Value 1 July 2007	Additions Current Year	Disposals Current Year	Impairment Current Year	Depreciation Current Year	Revaluation Current Year	Cost/ Revaluation 30 June 2008	Accumulated Depreciation and Impairment 30 June 2008	Net Book Value 30 June 2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
LAND											
Land	12,246	0	12,246	0	0	0	0	0			
AIRPORT											
Runways & Taxiways	385,318	144,124	241,194	0	0	0	7,706	0	385,318	151,830	233,488
Fencing	1,985	0	1,985	0	0	0	0	0	1,985	0	1,985
Fencing	22,952	8,436	14,516	0	0	0	1,654	0	22,952	10,090	12,862
Water Supply	59,612	8,136	51,476	0	0	0	596	0	59,612	8,732	50,880
Aprons	24,195	15,038	9,157	0	0	0	484	0	24,195	15,522	8,673
Water Supply Improvement	7,592	138	7,454	0	0	0	75	0	7,592	213	7,379
Radio Transmitter	941	188	753	0	0	0	188	0	941	376	565
Airport Signage	3,040	608	2,432	0	0	0	608	0	3,040	1,216	1,824
Grassing	30,133	0	30,133	0	0	0	0	0	30,133	0	30,133
Roading	15,568	0	15,568	0	0	0	0	0	15,568	0	15,568
	551,336	176,668	374,668	0	0	0	11,311	0	551,336	187,979	363,357

NOTE 7 – PLANT, PROPERTY AND EQUIPMENT 2008

	Cost/ Revaluation 1 July 2007	Accumulated Depreciation and Impairment 1 July 2007	Net Book Value 1 July 2007	Additions Current Year	Disposals Current Year	Impairment Current Year	Depreciation Current Year	Revaluation Current Year	Revaluation 30 June 2008	Accumulated Depreciation and Impairment 30 June 2008	Net Book Value 30 June 2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
TERMINAL											
Paths & Parking Area	12,206	4,634	7,572	0	0	0	0	0	12,206	4,634	7,572
Building	231,696	109,859	121,837	0	0	0	4,634	0	231,696	114,493	117,203
Floodlighting	10,874	3,080	7,794	0	0	0	779	0	10,874	3,859	7,015
Terminal Site Development	65,595	1,075	64,520	0	0	0	1,075	0	65,595	2,150	63,445
Automatic Sliding Doors	11,515	2,088	9,427	0	0	0	942	0	11,515	3,030	8,485
	331,886	120,736	211,150	0	0	0	7,430	0	331,886	128,166	203,720
WORK SERVICES											
Plant & Equipment	2,800	2,316	484	0	0	0	48	0	2,800	2,364	436
Furniture & Fittings	13,995	11,160	2,835	0	0	0	567	0	13,995	11,727	2,268
	16,795	13,476	3,319	0	0	0	615	0	16,795	14,091	2,704
	912,263	310,880	601,383	0	0	0	19,356	0	912,263	330,236	582,027
INTANGIBLE ASSET											
Software	390	130	260	0	0	0	260	0	390	390	0

Lease rentals amounting to \$89,328 (2007: \$91,710) relating to the lease of building space and grazing leases are included in the income statement (Note 2). The Airport Land is vested in Council under the Reserves Act 1977 for use as an Airport. The Airport holds the land "in substance" and is shown at the value at the date of vesting. No assets are pledged as security.

NOTE 8 – EQUITY

	ACTUAL 2008 \$	ACTUAL 2007 \$
Equity		
Capital		
Whakatane District Council	154,681	154,681
Crown	157,522	157,522
	<u>312,203</u>	<u>312,203</u>
Reserve Funds		
Runway Sealing Fund	6,539	4,203
Terminal Depreciation Fund	28,206	24,265
	<u>34,745</u>	<u>28,468</u>
Partners Current Accounts		
Whakatane District Council	142,460	204,490
Crown	137,665	199,694
	<u>280,125</u>	<u>404,184</u>
Total Closing Public Equity	<u>627,073</u>	<u>744,855</u>
Partners Current Accounts		
Net Surplus/(Deficit) after tax	(117,783)	(33,675)
Less Reserve interest	(2,277)	(1,674)
Runway reserve	(2,000)	(2,000)
Terminal depreciation reserve	(2,000)	(2,000)
	<u>(124,060)</u>	<u>(39,349)</u>
Partner Share	<u>(62,030)</u>	<u>(19,675)</u>
Whakatane District Council		
Opening Balance	204,490	224,165
Movement for the period	(62,030)	(19,675)
	<u>142,460</u>	<u>204,490</u>
Crown		
Opening Balance	199,694	219,368
Movement for the period	(62,029)	(19,674)
	<u>137,665</u>	<u>199,694</u>
	<u>280,125</u>	<u>404,184</u>

TABLE CONTINUED ON THE NEXT PAGE

NOTE 8 – EQUITY (CONTINUED)

	ACTUAL 2008 \$	ACTUAL 2007 \$
Capital		
Whakatane District Council		
Opening Balance	154,681	154,681
Movement	0	0
Balance	154,681	154,681
Crown		
Opening Balance	157,522	157,522
Movement	0	0
Balance	157,522	157,522
Reserve Funds		
Runway Sealing Fund		
Opening Balance	4,203	2,000
Interest	336	203
Utilised	0	0
Contribution	2,000	2,000
Balance	6,539	4,203
Terminal Depreciation Fund		
Opening Balance	24,265	20,794
Interest	1,941	1,471
Utilised	0	0
Contribution	2,000	2,000
Balance	28,206	24,265

NOTE 9 - CAPITAL COMMITMENTS

Whakatane Airport has no capital commitments as at 30 June 2008 (2007: nil)

NOTE 10 - CONTINGENCIES

Whakatane Airport has no contingent assets or liabilities as at 30 June 2008 (2007: nil)

NOTE 11 - RELATED PARTY TRANSACTIONS

Whakatane Airport is a 50/50 joint equity venture with the Ministry of Transport and Whakatane District Council, and both entities are considered to be related parties.

The following transactions were carried out with related parties:

	2008	2007
	\$	\$
Whakatane District Council		
Administrative Services*	71,758	59,478
Other Services	2,382	2,784
Roads & Garden Services	1,709	2,039
Rates	3,172	2,910
Total	79,021	67,212

Outstanding balances at year end

All cash transactions occur through the Whakatane District Council bank accounts.

The balance in the District Fund at 30 June is \$71,454 (2007:\$156,109)

Key Management Personnel

* An administration Fee is charged by Whakatane District Council for day to day management.

NOTE 12 - EVENTS AFTER BALANCE SHEET DATE

Discussions have taken place between the Joint Venture Partners over the future of the Whakatane Airport. As at 30 June 2008, no formal agreement in regard to ownership has been reached.

NOTE 13 - FINANCIAL INSTRUMENTS

Whakatane Airport has a series of policies to manage the risks associated with financial instruments. Whakatane Airport is risk averse and seeks to minimise exposure from its treasury activities. Whakatane Airport uses Council approved Liability Management and Investment policies. These policies do not allow any transactions to be entered into that are speculative in nature.

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Whakatane Airport does not hold and is therefore not exposed to equity securities price risk on its investments

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Whakatane Airport is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest Rate Risk

There is no interest rate risk. The Airport deposits funds directly into a Whakatane District Council bank account.

Credit Risk

Whakatane Airport is exposed to credit risk in relation to its current account balance with Whakatane District Council and trade debtors, thus exposure is managed under normal terms of trade.

Fair Values

Financial instruments in the Balance Sheet are shown at carrying amounts which are equivalent to their fair values.

Currency Risk

Whakatane Airport has no currency risk. All financial instruments are dealt with in New Zealand dollars.

NOTE 14 - STATEMENT OF INTENT

The Airport is a Council Controlled Organisation. For the current reporting period the Airport complied with Section 64 of the Local Government Act 2002, (the Act) which requires the Airport to prepare a Statement of Intent that complies with Clause 9 of Schedule 8 of the Act.

NOTE 15 - PERFORMANCE

	BUDGET STATEMENT OF INTENT 2008	ACTUAL 2008	COMMENT
Operate and maintain the airport's assets within an operational budget (excluding corporate overheads and depreciation)	102,000	215,884	Variance due to Council approved preparation of Airport Master Plan protecting future airport capacity
Improvement of carpark/roading storm water drainage.	27,000	0	Project carried forward to 2008/2009

AUDIT REPORT

AUDIT NEW ZEALAND
Māna Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF WHAKATANE AIRPORT AUTHORITY'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Whakatane Airport Authority (the Airport). The Auditor-General has appointed me, F Caetano, 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 Airport, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Airport on pages 4 to 21:
 - comply with generally accepted accounting practice in New Zealand
 - fairly reflect:
 - the Airport's financial position as at 30 June 2008
 - the results of its operations.
- The performance information of the Airport on page 21 fairly reflects the achievements measured against the performance targets adopted for the year ended 30 June 2008.

The audit was completed on 29 September 2008, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Authority 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 our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance 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 statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our 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 Authority
- confirming year-end balances
- determining whether accounting policies are appropriate and consistently applied
- determining whether all financial statement and statement of service performance disclosures are adequate.

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

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

Responsibilities of the Authority and the Auditor

The Authority is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Airport as at 30 June 2008 and the results of its operations for the year ended on that date. The Authority is also responsible for preparing the statement of service performance that fairly reflects the service performance achievements for the year ended 30 June 2008. The Authority's responsibilities arise from the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 70 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 Airport.



F Caetano
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand