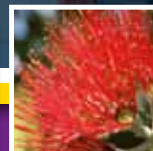
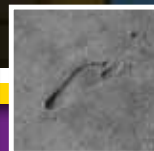
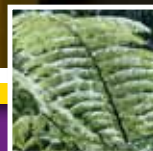


Whakatāne Airport Joint Venture

Annual Report

For the year ended 30th June 2011



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AUDIT REPORT

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INTRODUCTION

This Annual Report provides the financial statements for the Whakatāne Airport for the financial year ended 30 June 2011.

The Whakatāne Airport is a 50:50 joint equity venture between the Council and the Crown. 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 Whakatāne District.

The Whakatāne 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 WHAKATĀNE 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, commercial operators and recreational users.
- To operate the airport facilities in compliance with the CAA requirements for non-certified aerodromes.

NATURE AND SCOPE OF ACTIVITIES PROVIDED BY WHAKATĀNE AIRPORT

The nature and scope of services provided over the 2010/11 year included:

Aviation Services: The airport was maintained as a non-certified aerodrome in accordance with the Civil Aviation Authority requirements. The scheduled flight services currently provided by Air New Zealand, using their 19 seater Beech 1900D aircraft, are able to be operated under the aerodromes non-certified status. If passenger numbers were to increase to the point where larger aircraft were required, the aerodrome would be required to become certificated. Air New Zealand Link provides daily return services to Auckland and in the summer to Wellington.

Leases: Land surplus to the airport's present operational requirements was leased for grazing. Areas of the terminal building were leased for activities compatible with the operation of an airport. Lease of Airport land was also available to commercial operators and associated industry.

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



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

The Council and management of the Whakatāne District Council confirm that all the statutory requirements of section 98 of the Local Government Act 2002 have been complied with.

RESPONSIBILITY

The Council and management of the Whakatāne District Council accept responsibility for the preparation of the Annual Report and the judgments used in them.

The Council and management of the Whakatāne District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Whakatāne District Council, the Annual Report of the Whakatāne Airport Joint Venture for the year ended 30 June 2011 fairly reflects the financial position and operations.



Tony Bonne
MAYOR
21 September 2011



David Bewley
ACTING CHIEF EXECUTIVE
21 September 2011

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30th June 2011

		Actual 2011 \$	Actual 2010 \$
INCOME			
Finance Income		2,670	13,046
Other Revenue	Note 2	198,723	201,927
Gains		-	-
Total Income		201,393	214,973
Expenditure			
Personnel Costs		174	2,131
Depreciation and Amortisation		30,697	23,670
Finance Costs		-	3,443
Audit Fees		10,222	10,401
Other Expenses		206,776	222,406
Total Operating Expenditure		247,869	262,051
Surplus/(deficit) before tax		(46,476)	(47,078)
Income Tax Expense	Note 3	-	-
Surplus/(deficit) after tax		(46,476)	(47,078)
OTHER COMPREHENSIVE INCOME			
Gain/(Loss) on Property Revaluation		-	-
Total Comprehensive Income for the Year		(46,476)	(47,078)

The Notes and the Statement of Accounting Policies on pages 8-21 form part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2011

	Actual 2011 \$	Actual 2010 \$
Balance at 1 July	872,417	715,795
Net Surplus (Defecit)	(46,476)	(47,078)
Total Recognised Income (Expenditure)	(46,476)	(47,078)
Capital Contributions - Crown and WDC	172,447	203,700
Balance at the end of the period	998,388	872,417

The Notes and the Statement of Accounting Policies on pages 8-21 form part of the Financial Statements.

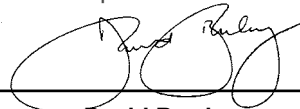
STATEMENT OF FINANCIAL POSITION as at 30th June 2011

		Actual 2011 \$	Actual 2010 \$
EQUITY			
Capital			
Whakatāne District Council	Note 7	408,264	322,041
Crown	Note 7	411,106	324,883
		819,370	646,924
Reserve Funds			
Runway Sealing Fund	Note 7	14,007	11,358
Terminal Depreciation Fund	Note 7	39,426	35,404
		53,433	46,762
Partners Current Accounts			
Whakatāne District Council	Note 7	65,190	91,763
Crown	Note 7	60,395	86,968
		125,585	178,731
TOTAL EQUITY		998,388	872,417
ASSETS			
Current Assets			
Whakatāne District Council			
Sundry Receivables	Note 4	92,151	174,767
Total Current Assets		92,151	174,767
Non-Current Assets			
Property, Plant and Equipment	Note 6	1,055,222	879,498
Total Non-Current Assets		1,055,222	879,498
Total Assets		1,147,373	1,054,265
LIABILITIES			
Current Liabilities			
Whakatāne District Council		93,995	136,880
Trade and Other Payables	Note 5	10,222	10,490
Income in Advance	Note 5	44,768	34,478
Total Current Liabilities		148,985	181,848
Total Liabilities		148,985	181,848
Net Assets		998,388	872,417

The Notes and the Statement of Accounting Policies on pages 8-21 form part of the Financial Statements.



Tony Bonne
MAYOR



David Bewley
ACTING CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June 2011

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 Whakatāne Airport, which is a 50:50 joint equity venture between the Council and the Crown.

ENTITIES REPORTING

The financial statements are for Whakatāne Airport, which is a 50:50 joint equity venture between the Council and the Crown.

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

The financial statements of Whakatāne Airport are for the year ended 30th June 2011.

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.

Whakatāne 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 Whakatāne Airport is New Zealand dollars.

STATUTORY BASE

Whakatāne 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 Whakatāne 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 Whakatāne District Council will continue to provide the necessary support to enable the Whakatāne 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 Whakatāne 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. Commitments and contingencies are disclosed exclusive of GST.

LEASES

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 Whakatāne 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 Whakatāne 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 Whakatāne 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 Comprehensive Income.

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 Whakatāne 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 Whakatāne 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	Method
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 Comprehensive Income.

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 Whakatāne 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 2011 \$	Actual 2010 \$
Airport Dues	95,126	99,001
Lease of Buildings	13,484	13,018
Commercial Leases	13,671	11,844
Grazing Leases	74,267	70,820
Sundry Income	2,175	7,244
	198,723	201,927

NOTE 3 - TAXATION

	Actual 2011 \$	Actual 2010 \$
Income tax expense		
Net Surplus before tax	(46,476)	(47,078)
Tax calculated at applicable tax rate 30% (2010:30%)	(13,943)	(14,123)
Prior year adjustments	(58,419)	(40,216)
Depreciation Adjustments	(50,781)	(4,507)
Tax loss not recognised	123,143	58,846
Tax expense/(benefit)	-	(0)
Current tax expense	-	-
Prior year adjustments to current tax	-	-
Tax expense	-	-

*Tax losses of \$948,018 (2010: \$537,541) are available to carry forward to offset any future taxable profit
No imputation credits are available to attach to distribution to owners.

NOTE 4 - SUNDRY RECEIVABLES & REPAYMENTS

	Actual 2011 \$	Actual 2010 \$
Sundry Receivables - Landing Fees	5,928	7,407
Crown	86,223	167,360
	92,151	174,767

NOTE 5 - TRADE AND OTHER PAYABLES AND INCOME IN ADVANCE

	Actual 2011 \$	Actual 2010 \$
Trade and Other Payables - Audit Fees	10,222	10,490
Income in Advance - Rentals & Leases	44,768	34,478
	54,990	44,968

NOTE 6 - PLANT, PROPERTY AND EQUIPMENT 2010

	Cost/ Revaluation 30 th June 2009	Accumulated depreciation & impairment June 2009	Net book value 30 th June 2009	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/Revaluation 30 th June 2010	Accumulated Depreciation and impairment 30 th June 2010	Net Book Value 30 th June 2010
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
Airport										
Runways & Taxiways	516,337	160,191	356,146	202,844			11,319	719,181	171,510	547,671
Fencing	1,985	-	1,985				-	1,985	-	1,985
Fencing	22,952	11,744	11,208				1,654	22,952	13,398	9,554
Water Supply	59,612	9,328	50,284				596	59,612	9,924	49,688
Aprons	24,195	16,006	8,189				484	24,195	16,490	7,705
Water Supply Improvement	7,592	288	7,304				75	7,592	363	7,229
Radio Transmitter	941	489	452				45	941	534	407
Airport Signage	3,040	1,824	1,216				608	3,040	2,432	608
Grassing	30,133	-	30,133				-	30,133	-	30,133
Roading	15,568	-	15,568				-	15,568	-	15,568
	682,355	199,870	482,485	202,844	0	0	14,781	885,199	214,651	670,548

NOTE 6 - PLANT, PROPERTY AND EQUIPMENT 2010 (CONT.)

	Cost/ Revaluation 30 th June 2009	Accumulated depreciation & impairment June 2009	Net book value 30 th June 2009	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/Revaluation 30 th June 2010	Accumulated Depreciation and impairment 30 th June 2010	Net Book Value 30 th June 2010
Terminal										
Paths & Parking Area	12,206	4,634	7,572				0	12,206	4,634	7,572
Building	231,696	119,127	112,569				4634	231,696	123,761	107,935
Floodlighting	10,874	4,560	6,314				631	10,874	5,191	5,683
Terminal Site Development	65,595	3,225	62,370				1075	65,595	4,300	61,295
Automatic Sliding Doors	11,515	3,878	7,637				763	11,515	4,641	6,874
	331,886	135,424	196,462	-	-	-	7,103	331,886	142,527	189,359
Work Services										
Plant & Equipment	2,800	2,408	392				39	2,800	2,447	353
Furniture & Fittings	21,690	12,951	8,739				1747	21,690	14,698	6,992
	24,490	15,359	9,131	-	-	-	1,786	24,490	17,145	7,345
	\$1,050,977	\$350,653	\$700,324	202,844	-	-	23,670	1,253,821	374,323	879,498

Lease rentals amounting to \$95,682 (2009: \$95,233) 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 6 - PLANT, PROPERTY AND EQUIPMENT 2011

	Cost/ Revaluation 30 th June 2010	Accumulated depreciation & impairment June 2010	Net book value 30 th June 2010	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/Revaluation 30 th June 2011	Accumulated Depreciation and impairment 30 th June 2011	Net Book Value 30 th June 2011
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
Airport										
Runways & Taxiways	719,181	171,510	547,671	180,801			14,384	899,982	185,894	714,088
Fencing	24,937	13,398	11,539				1,795	24,937	15,193	9,744
Water Supply	59,612	9,924	49,688				596	59,612	10,520	49,092
Aprons	24,195	16,490	7,705				484	24,195	16,974	7,221
Water Supply Improvement	7,592	363	7,229				76	7,592	439	7,153
Radio Transmitter	941	534	407				188	941	722	219
Airport Signage	3,040	2,432	608				608	3,040	3,040	-
Grassing	30,133	-	30,133				-	30,133	-	30,133
Roading	15,568	-	15,568				-	15,568	-	15,568
Security - Cameras and Fences	-	-	-	25,620			-	25,620	-	25,620
	885,199	214,651	670,548	206,421	-	-	18,131	1,091,620	232,782	858,838

NOTE 6 - PLANT, PROPERTY AND EQUIPMENT 2011 (CONT.)

	Cost/ Revaluation 30 th June 2010	Accumulated depreciation & impairment 30 th June 2010	Net book value 30 th June 2010	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/Revaluation 30 th June 2011	Accumulated Depreciation and impairment 30 th June 2011	Net Book Value 30 th June 2011
Terminal										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	231,696	123,761	107,935	4,634	-	-	4,634	231,696	128,395	103,301
Floodlighting	10,874	5,191	5,683	1,087	-	-	1,087	10,874	6,278	4,596
Terminal Site Development	65,595	4,300	61,295	1,075	-	-	1,075	65,595	5,375	60,220
Automatic Sliding Doors	11,515	4,641	6,874	1,152	-	-	1,152	11,515	5,793	5,722
	331,886	142,527	189,359	-	-	-	7,948	331,886	150,475	181,411
Work Services										
Plant & Equipment	2,800	2,447	353	280	-	-	280	2,800	2,727	73
Furniture & Fittings	21,690	14,698	6,992	4,338	-	-	4,338	21,690	19,036	2,654
	24,490	17,145	7,345	4,618	-	-	4,618	24,490	21,763	2,727
	\$1,253,821	\$374,323	\$879,498	206,421	-	-	30,697	1,460,242	405,020	1,055,222

Lease rentals amounting to \$101,421 (2010: \$95,682) 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 7 - EQUITY

	Actual 2011 \$	Actual 2010 \$
Equity		
Capital		
Whakatāne District Council	408,264	322,041
Crown	411,106	324,883
	819,370	646,924
Reserve Funds		
Runaway Sealing Fund	14,007	11,358
Terminal Depreciation Fund	39,426	35,404
	53,433	46,762
Partners Current Accounts		
Whakatāne District Council	65,190	91,763
Crown	60,395	86,968
	125,585	178,731
Total Closing Public Equity	998,388	872,417
Partners Current Accounts		
Net Surplus/(deficit) after tax	(46,476)	(47,078)
Reserve Interest	(2,670)	(2,036)
Runway Reserve	(2,000)	(2,000)
Terminal Depreciation Reserve	(2,000)	(2,000)
	(53,146)	(53,114)
Partner Share	(26,573)	(26,557)
Whakatāne District Council		
Opening Balance	91,763	118,320
Movement for the Period	(26,573)	(26,557)
	65,190	91,763
Crown		
Opening Balance	86,968	113,525
Movement for the Period	(26,573)	(26,557)
	60,395	86,968
	125,585	178,731
Capital		
Whakatāne District Council		
Opening Balance	322,041	220,191
Capital Contribution	86,223	101,850
Balance	408,264	322,041

Continued on next page

NOTE 7 - EQUITY (CONTINUED)

	Actual 2011 \$	Actual 2010 \$
Crown		
Opening Balance	324,883	223,033
Capital Contribution	86,223	101,850
Balance	411,106	324,883
Reserve Funds		
Runway Sealing Fund		
Opening Balance	11,358	8,912
Interest	649	446
Contribution	2,000	2,000
Balance	14,007	11,358
Terminal Depreciation Fund		
Opening Balance	35,404	31,814
Interest	2,022	1,590
Contribution	2,000	2,000
Balance	39,426	35,404

NOTE 8 - RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

	Actual 2011 \$	Actual 2010 \$
Whakatāne District Council		
Administrative Services	50,185	44,966
Other Services	-	-
Roads & Garden Services	10,345	2,784
Rates - Water & General	6,276	4,890
Total	66,806	52,640

Outstanding balances at year end

All cash transaction occur through Whakatāne District Council bank accounts.
The deficit balance in the District Fund at 30 June is \$93,995 (2010: \$136,880 deficit)

Key Management Personnel

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

NOTE 9 - CAPITAL COMMITMENTS

Whakatāne Airport has no capital commitments as at 30th June 2011 (2010: nil)

NOTE 10 - CONTINGENCIES

Whakatāne Airport has no contingent assets or liabilities as at 30th June 2011 (2010: nil)

NOTE 11 - EVENTS AFTER BALANCE SHEET DATE

Discussions have taken place between the Joint Venture Partners over the future of the Whakatāne Airport. As at 30th June 2011, no formal agreement in regard to ownership status has been reached.

NOTE 12 - FINANCIAL INSTRUMENTS

Whakatāne Airport has a series of policies to manage the risks associated with financial instruments. Whakatāne Airport is risk averse and seeks to minimise exposure from its treasury activities. Whakatāne 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. Whakatāne Airport does not hold financial instruments 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. Whakatāne 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 Whakatāne District Council bank account.

Credit Risk

Whakatāne Airport is exposed to credit risk in relation to its current account balance with Whakatāne 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.

NOTE 13 - 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 14 - PERFORMANCE

	Annual Plan 2011 \$	Actual 2011 \$
Number of non-compliance notices received	-	-
Number of Council non-compliances identified from inspections	-	-
Airport is maintained as a non-certified aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at of below 5700kg MCTOW	100%	100%
Manage and operate the airport amenities and equipment with a minimum number of environmentally related complaints	<5	-
Spot inspections of runway components completed	Monthly	12
Emergency works identified and actioned	Within 24 Hours	None undertaken
Health and Safety works actioned	Within 24 Hours	1-New security cameras and new gates installed

Measure	Targets	Annual Plan	Achievements
Operate and maintain the airport's assets within an operational expenditure budget (excluding corporate overheads and depreciation)	Whakatāne total budget surplus / (deficit)	\$36,680	(\$33,240) Airport operational activities were completed throughout the year in a timely manner. Costs were slightly over budget (\$165,493). Revenue was also down on projections (\$198,734).
	Pavement resurfacing	\$100,000	\$86,222 The total resurfacing costs were \$172,446, but this is half funded by the Crown, so the net cost to Council is only \$86,222, against the \$100,000 budgeted.
	Runway lighting and navigational aids renewal	\$8,000	\$8,355 An upgrade to the generator was undertaken this year which means the generator will start up automatically whenever there is a power cut, rather than have to be manually started. This work was completed on time but slightly over budget at \$8,355.
	Airport designations	\$30,000	\$71,133 The planning documentation required for airport designations to be established and included in the District Plan was completed with the additional expenditure funded through a budget carryforward from 2009/10 FY of (\$125,000).

Target	Achievement
The airport is maintained as a non-certificated aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at or below 5,700 kg Maximum Combined Take-Off Weight (MC TOW).	Achieved: The Airport was maintained over the past year to CAA requirements for non-certificated aerodromes..

Independent Auditor's Report

To the readers of Whakatane Airport Joint Venture's financial statements and performance information for the year ended 30 June 2011

The Auditor-General is the auditor of Whakatane Airport Joint Venture (the Airport). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Airport on her behalf.

We have audited:

- the financial statements of the Airport on pages 5 to 19, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Airport on pages 20 to 21.

Opinion on the financial statements and performance information

In our opinion:

- the financial statements of the Airport on pages 5 to 19:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Airport's:
 - financial position as at 30 June 2011; and
 - financial performance and cash flows for the year ended on that date;
- the performance information of the Airport on pages 20 to 21:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the achievements measured against the performance targets adopted for the year ended on 30 June 2011.

Our audit was completed on 21 September 2011. 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 Council and our responsibilities, and we 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 performance information are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Airport's preparation of the financial statements and performance information that fairly reflect 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 Airport'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 Council;
- the adequacy of all disclosures in the financial statements and performance information; and
- the overall presentation of the financial statements and performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Airport's financial position, financial performance and cash flows; and
- fairly reflect its service performance achievements.

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

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

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

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



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Matters relating to the electronic presentation of the audited financial statements and performance information

This audit report relates to the financial statements and performance information of Whakatane Airport Joint Venture for the year ended 30 June 2011 included on the Whakatane District Council's website. The Whakatane District Council is responsible for the maintenance and integrity of the Whakatane District Council's website. We have not been engaged to report on the integrity of the Whakatane District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the website.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements and performance information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and performance information and related audit report dated 21 September 2011 to confirm the information included in the audited financial statements and performance information presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.



Whakatane District Council

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