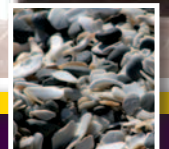
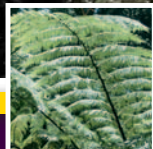


Whakatāne Airport Joint Venture Annual Report

For the year ended 30 June 2012



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MESSAGE FROM THE CHAIR

On behalf of the Whakatāne Airport Board, I am pleased to present this Whakatāne Airport Annual Report for the 2011-12 year. This report compares our performance for the year against what we set out to do. It lets you know what we delivered and analyses whether we met our budgets and performance targets.

The Whakatāne Airport is an important asset for our community. While the Airport is not currently in a position where it can operate profitably, it does make an important contribution to the District as a transportation connection and for tourism and recreation opportunities. Financially, the Airport is predominantly self-sustaining from year to year with some limited contribution from rates. That said, over the past year we have recorded a larger financial deficit than we had expected of \$144,926. This is largely related to the financial treatment of a project regarding future airport provisions in the District Plan. We had intended to capitalise this project to spread the cost over a number of years, but later found that this was not possible. Our long-term vision is for a more economically viable airport with a wider range of services available.

The past year has been a busy one for the Whakatāne Airport and for the Airport Board. In terms of working towards our vision, we have developed a draft ten year Business Plan. This provides a strategic framework for future development and improved financial sustainability of the Airport. There have been some positive advancements with the planning and construction of new hangars. Continued interest is being expressed for further hangar development.

In terms of ongoing operations, the Airport was maintained on budget and continued to provide both recreational and commercial services with minimal interruptions.

Scheduled passenger flights to and from Auckland have continued to show good passenger loadings. On a less positive note, the Airport Board was disappointed to see the discontinuation of direct flights to Wellington by Eagle Airways. This has resulted in reduced landing fees and contributed to the financial deficit for the year. The Airport Board is working with local organisations and Air New Zealand in an effort to provide a resumption of services for this link. The level of other activity at the Airport is increased compared to the previous year.

The Whakatāne Airport Board would like to take this opportunity to thank the Whakatāne District Council, the Community and our major partner the Ministry of Transport, for their ongoing contributions and support.

We look forward to the challenge of progressing opportunities for the growth and development of the Airport.



Tony De Farias
CHAIR
Whakatāne Airport Board



ABOUT THE WHAKATĀNE AIRPORT

The Whakatāne Airport is a Council-Controlled Organisation (CCO) under the Local Government Act 2002. It was formed as a CCO in 2006. The Airport is a valued community asset, which contributes to residents' quality of life and is crucial to the economic well-being of the District.

The primary activity of the Whakatāne Airport Board is to operate the airport efficiently and on sound business principles, for the benefit of both commercial and non-commercial aviation users. It must also operate in accordance with the terms of its aerodrome certificate, which defines standards and conditions laid down by the Civil Aviation Authority of New Zealand (CAA). The objectives of the Whakatāne Airport are outlined below.

The airport is a joint venture operation between the New Zealand Government (Ministry of Transport) and the Whakatāne District Council (the Council), with each party owning a 50% share. The Whakatāne Airport Board (the Board) provides governance oversight of the Whakatāne Airport CCO. The Board provides advice to the Council, which is ultimately responsible for decisions relating to the airport. Day-to-day operation and maintenance of the airport, including the delivery of projects, services and initiatives is managed by the Council.

Planning for an aerodrome was initiated by the Whakatāne County and Borough Councils in 1944. Development of a grass airfield started in 1958 on the current Whakatāne Airport site but it was not until 1960 that it was officially opened, following some difficulties in sowing grass. A sealed airstrip was completed in 1962 to provide adequate facilities for the larger DC3 aircraft.

The iconic Whakatāne Airport building, designed by architect Roger Walker, was completed in 1974 and has since received the enduring architecture award from the NZ Institute of Architects. Today, daily services are provided to and from Auckland.

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
- To ensure the Airport facilities are maintained at their 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



A YEAR IN REVIEW

AIRPORT MAINTENANCE

Over the course of the 2011/12 year, the Whakatāne Airport continued to be maintained as a non-certified aerodrome in accordance with the CAA aerodrome design for aircraft at or below 5,700kg Maximum Combined Take Off Weight (MCTOW). As a non-certified aerodrome, the Whakatāne Airport is limited to a maximum airplane seating capacity of 30 passengers for any regular flight services.

Major maintenance projects scheduled for 2012 included runway pavement resurfacing and upgrading of the perimeter fence. These projects were completed on schedule and on budget.

PLANNING FOR THE FUTURE

During the 2012 year, the Whakatāne Airport Board developed a draft ten year Business Plan for the Whakatāne Airport. This aims to provide a strategic framework for the Airport, identify opportunities for growth and development and outline a set of actions to support its future capacity. Once finalised, the business plan will inform considerations and provisions in other Council policy documents such as the District Plan.

Four strategies and accompanying actions form the basis of this business plan. The strategies are:

- 1) Maximise commercial opportunities from current activities;
- 2) Diversify income streams by encouraging aviation and other service industries and associated enterprises;
- 3) Maintain and improve the assets of the Whakatāne Airport in order to present and operate as an efficient facility and enterprise; and
- 4) Maintain and enhance relationships with businesses and individuals with interests in the airport to improve confidence in its operations and management.

WORKING WITH THE MINISTRY OF TRANSPORT

The Airport is a joint venture operation between the New Zealand Government (Ministry of Transport) and the Whakatāne District Council, with each party owning a 50% share. As the Crown is a major stakeholder and funding partner, we consult on all major decisions and proposals concerning the Airport. Over the past year, we have consulted with the Crown on the development of the ten year Airport Business Plan and the proposed capital works programme for the next ten years.

HANGAR DEVELOPMENT

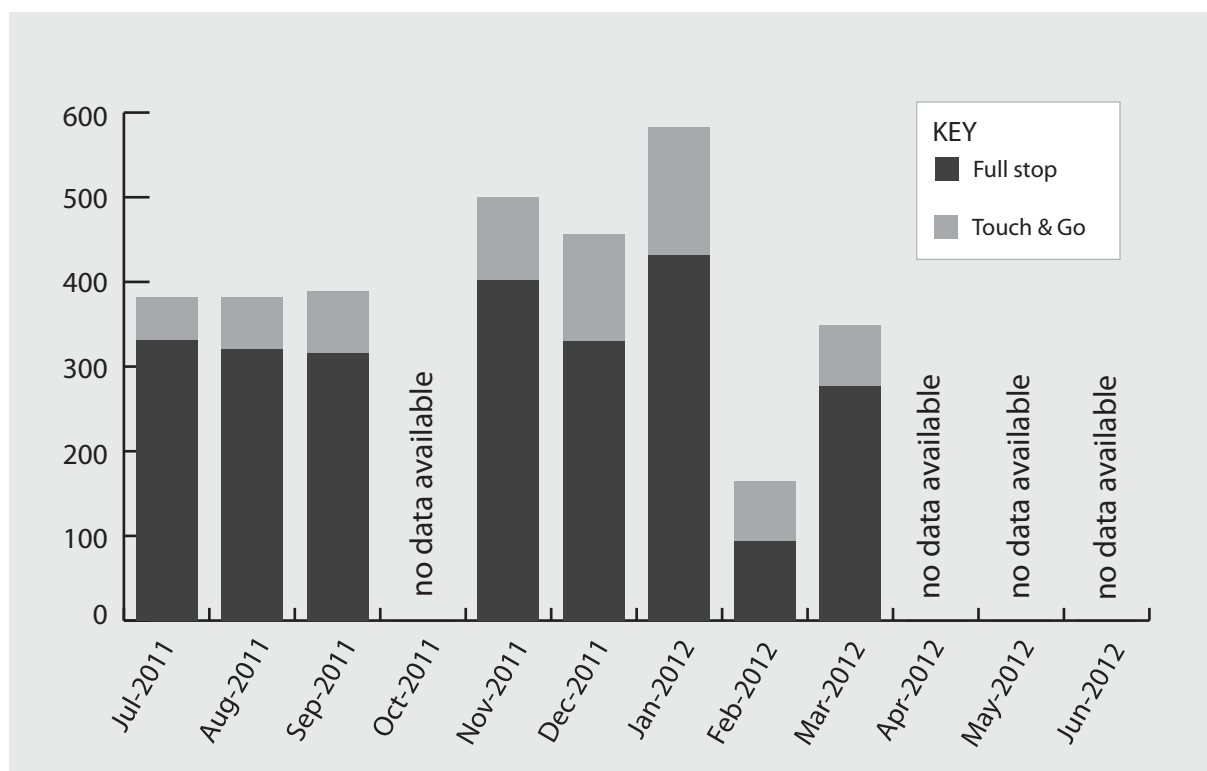
In the past year, a large 900m², privately owned hangar has been completed. As well as providing undercover aircraft storage for a number of aircraft, it also includes office space, meeting and training rooms and an observation deck. This is the second new hangar constructed during the past two years, with a new rotary wing hangar and training centre being completed the year before. Further interest in building new hangars, has been expressed, with approval for a further hangar having been provided in June 2012. This growth in use is pleasing and is fully supported by the Airport Board and the Whakatāne District Council.



AIRCRAFT MOVEMENTS

Figure 1 below shows the Airport landing activity by month for the 2011/12 year. It shows a breakdown of full landings, and those that touched down on the runway, but did not come to a complete stop before taking off again, a common practice in flight training. The data shows that there was an average of approximately 400 landings per month, for the recorded months, with the busiest month (January 2012) recording 582 landings. The greatest number of landings by far were made by aeroplanes with other activity including helicopters and microlights. Unfortunately, the data for a number of months was not collected due to malfunctioning computer equipment. This issue has now been resolved and we expect to report full data from July 2012.

Figure 1: Number of Aircraft movements



400
Average number
of landings
per month

PLANS TO UPGRADE AIRPORT TERMINAL

Plans to upgrade the passenger processing area inside the Airport terminal are underway. Eagle Airways (a subsidiary of Air New Zealand) plan to install new counters and generally upgrade the appearance of the surrounding area. Some minor maintenance work would be undertaken by the Council to help facilitate Eagle's upgrade. This project is likely to be undertaken in the 2012/13 year.

FLIGHTS TO WELLINGTON DISCONTINUED

Eagle Airways is the primary provider of passenger flight services to and from Whakatāne Airport. Regular scheduled flight services continued to be provided seven days a week between Whakatāne and Auckland. Services between Whakatāne and Wellington were discontinued from February 2012 as these were considered by Eagle Airways to be uneconomic.

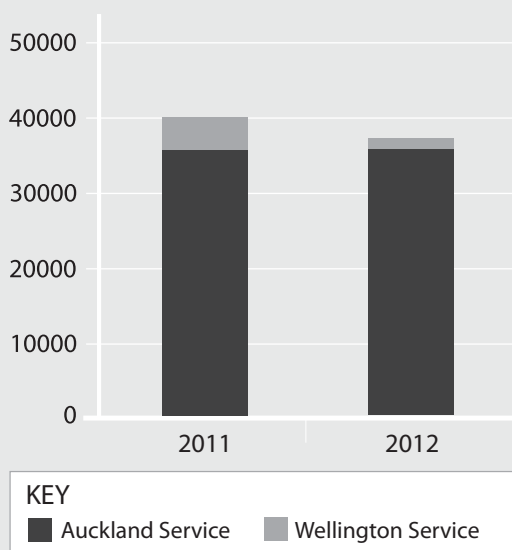
SCHEDULED PASSENGER SERVICES

Figure 2 below illustrates the number of passengers passing through the Whakatāne Airport during the 2011/12 year. This includes both inbound and outbound passengers.

During the past year, a total of 37,083 passengers passed through the Airport, compared to 39,876 in the previous year. The majority of these passengers travelled to or from Auckland.

Good passenger loadings have been reported for this service, with a slight increase in number from the previous year. The discontinuation of the direct Wellington service has meant a reduction in overall passenger loadings compared to the previous year.

Figure 2: Number of passengers



37,083

Total passengers passed through the Whakatāne Airport in the 2011/12 financial year.



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

		Actual 2012 \$	Actual 2011 \$
INCOME			
Finance income		3,126	2,670
Other Revenue	Note 2	207,520	198,723
Total Income		210,646	201,393
EXPENDITURE			
Personnel Costs		1,183	174
Depreciation and Amortisation	Note 6	35,017	30,697
Audit Fees		10,882	10,222
Other Expenses	Note 2	308,489	206,776
Total Operating Expenditure		355,571	247,869
Surplus/(Deficit) before Tax		(144,926)	(46,476)
Income Tax Expense	Note 3	-	-
Surplus/(Deficit) after Tax		(144,926)	(46,476)
OTHER COMPREHENSIVE INCOME			
Gain/(loss) on property revaluation		-	-
Total comprehensive income for the year		(144,926)	(46,476)

The Notes and the Statement of Accounting Policies on pages 11 to 24 form part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Actual 2012 \$	Actual 2011 \$
Balance at 1 July	998,389	872,417
Net Surplus (Deficit)	(144,926)	(46,476)
Total recognised income (expenditure)	(144,926)	(46,476)
Capital contributions - MOT and WDC	219,487	172,447
Balance at the end of the period	1,072,950	998,388

The Notes and the Statement of Accounting Policies on pages 11 to 24 form part of the Financial Statements

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2012

		Actual 2012 \$	Actual 2011 \$
EQUITY			
Capital	Note 7		
Whakatāne District Council		518,007	408,264
Crown		520,849	411,106
		1,038,856	819,370
Reserve Funds			
Runway Sealing Fund		16,826	14,007
Terminal Depreciation Fund		43,732	39,426
		60,559	53,433
Partners Current Accounts			
Whakatāne District Council		(10,835)	65,190
Crown		(15,630)	60,395
		(26,466)	125,585
TOTAL EQUITY		1,072,950	998,388
ASSETS			
Current Assets			
Whakatāne District Council			
Sundry Receivables	Note 4	115,519	92,151
Total Current Assets		115,519	92,151
Non-Current Assets			
Property, Plant and Equipment	Note 6	1,239,692	1,055,222
Total Non-Current Assets		1,239,692	1,055,222
Total Assets		1,355,210	1,147,373
LIABILITIES			
Current Liabilities			
Whakatāne District Council		235,661	93,995
Trade and Other Payables	Note 5	10,882	10,222
Income In Advance	Note 5	35,718	44,768
Total Current Liabilities		282,261	148,985
Total Liabilities		282,261	148,985
Net Assets		1,072,949	998,388

The Notes and the Statement of Accounting Policies on pages 11 to 24 form part of the Financial Statements



Tony Bonne
MAYOR
27 September 2012



Marty Grenfell
CHIEF EXECUTIVE
27 September 2012



NOTES TO THE FINANCIAL STATEMENTS

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 2012.

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 uncollectable 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 2012 \$	Actual 2011 \$
Airport Dues	91,561	95,126
Lease of Buildings	16,895	13,484
Commercial Leases	17,003	13,671
Grazing Leases	81,272	74,267
Sundry Income	790	2,175
	207,520	198,723

NOTE 2 - OTHER EXPENSES

	Actual 2012 \$	Actual 2011 \$
Consultants	10,516	11,758
Airport designations*	77,203	-
Contracts	66,578	75,717
Directors Fees	17,333	-
Equipment & Materials	1,737	12,395
Electricity	21,866	20,497
Fire Security	270	460
General Expenses	16,754	4,518
Insurances	4,721	4,231
Legal Costs	-	75
Maintenance and Repairs	2,989	6,394
Materials and Services	6,742	225
Rates Paid	4,170	3,660
Security	5,475	-
Training & Professional Development	1,105	-
Subscriptions	3,396	-
Taxation Advice	5,047	-
Telephones and Tolls	508	504
Travel & Accommodation	2,782	-
Valuation Expenses	-	200
Vehicle Costs:	1,564	2,995
Waste Disposal - Dump Fees	96	-
Water Purchases	5,545	2,092
Overheads & Reallocated	52,092	61,055
Total Other Expenses	308,489	206,776

(Exclude Depreciation, Personnel Costs and Audit Fees)

* Airport Designations (R11110) - originally budgeted as Capex Expenditure but written back to Operational Expenditure (\$7,625 - Capex 2012 and \$69,578 -WIP 2010/11)

NOTE 3 - TAXATION

	Actual 2012 \$	Actual 2011 \$
Income tax expense		
Net Surplus before tax	(144,926)	(46,476)
Tax calculated at applicable tax rate 28% (2011:30%)	(40,579)	(13,943)
Prior year adjustment	-	(58,419)
Depreciation Adjustments	(45,996)	(50,781)
Tax loss not recognised	86,575	123,143
Tax expense/(benefit)	-	-
Current tax expense	-	-
Prior year adjustments to current tax	-	-
	-	-
Tax expense	-	-

Tax losses of \$1,257,216 (2011: \$948,018) are available to carry forward to offset any future taxable profit. No imputation credits are available to attach to distribution to owners.

NOTE 4 - TRADE AND OTHER RECEIVABLES

	Actual 2012 \$	Actual 2011 \$
Landing Fees	5,776	5,928
Ministry of Transport	109,743	86,223
	115,519	92,151

NOTE 5 - TRADE AND OTHER PAYABLES AND INCOME IN ADVANCE

	Actual 2012 \$	Actual 2011 \$
Trade and Other Payables - Audit Fees	10,882	10,222
Income in Advance - Rentals & Leases, Landing Fees	35,718	44,768
	46,600	54,990

NOTE 6 - PLANT, PROPERTY AND EQUIPMENT 2011

	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
Land										
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	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	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 6 - PLANT, PROPERTY AND EQUIPMENT 2012

	Cost/ Revaluation 30 th June 2011	Accumulated depreciation & impairment 30 th June 2011	Net book value 30 th June 2011	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/ Revaluation 30 th June 2012	Accumulated Depreciation and impairment 30 th June 2012	Net Book Value 30 th June 2012
Land										
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
Airport										
Runways & Taxiways	899,982	185,894	714,088	179,120	-	-	18,000	1,079,102	203,893	875,209
Fencing	24,937	15,193	9,744	40,366	-	-	1,795	65,303	16,989	48,314
Water Supply	59,612	10,520	49,092	-	-	-	596	59,612	11,116	48,496
Aprons	24,195	16,974	7,221	-	-	-	484	24,195	17,458	6,737
Water Supply Improvement	7,592	439	7,153	-	-	-	76	7,592	515	7,077
Radio Transmitter	941	722	219	-	-	-	188	941	910	31
Airport Signage	3,040	3,040	-	-	-	-	-	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	-	-	-	3,203	25,620	3,203	22,418
	1,091,620	232,782	858,838	219,486	-	-	24,342	1,311,106	257,124	1,053,983

NOTE 6 - PLANT, PROPERTY AND EQUIPMENT 2012 (CONT.)

	Cost/ Revaluation 30th June 2011	Accumulated depreciation & impairment 30th June 2011	Net book value 30th June 2011	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/ Revaluation 30th June 2012	Accumulated Depreciation and impairment 30th June 2012	Net Book Value 30th June 2012
Terminal										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	231,696	128,395	103,301	-	-	-	4,634	231,696	133,029	98,667
Floodlighting	10,874	6,278	4,596	-	-	-	1,087	10,874	7,366	3,508
Terminal Site Development	65,595	5,375	60,220	-	-	-	1,075	65,595	6,450	59,145
Automatic Sliding Doors	11,515	5,793	5,723	-	-	-	1,152	11,515	6,944	4,571
	331,886	150,475	181,411	-	-	-	7,948	331,886	158,423	173,463
Work Services										
Plant & Equipment	2,800	2,727	73	-	-	-	73	2,800	2,800	-
Furniture & Fittings	21,690	19,036	2,654	-	-	-	2,654	21,690	21,690	-
	24,490	21,763	2,727	-	-	-	2,727	24,490	24,490	-
	\$1,460,242	\$405,020	\$1,055,222	219,486	-	-	35,017	1,679,728	440,036	1,239,692

Lease rentals amounting to \$115,169 (2011: \$101,421) 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 2012 \$	Actual 2011 \$
EQUITY		
Capital		
Whakatāne District Council	518,007	408,264
Crown	520,849	411,106
	1,038,856	819,370
Reserve Funds		
Runway Sealing Fund	16,826	14,007
Terminal Depreciation Fund	43,732	39,426
	60,559	53,433
Partners Current Accounts		
Whakatāne District Council	(10,835)	65,190
Crown	(15,630)	60,395
	(26,465)	125,585
Total Closing Public Equity	1,072,951	998,388
Partners Current Accounts		
Net Surplus/(Deficit) after tax	(144,926)	(46,476)
Reserve interest	(3,126)	(2,670)
Runway reserve	(2,000)	(2,000)
Terminal depreciation reserve	(2,000)	(2,000)
	(152,051)	(53,146)
Partner Share	(76,026)	(26,573)
Whakatāne District Council		
Opening Balance	65,190	91,763
Movement for the period	(76,026)	(26,573)
	(10,835)	65,190
Crown		
Opening Balance	60,395	86,968
Movement for the period	(76,026)	(26,573)
	(15,630)	60,395
	(26,466)	125,585

Continued on the next page

NOTE 7 - EQUITY (CONT)

	Actual 2012 \$	Actual 2011 \$
CAPITAL		
Whakatāne District Council		
Opening Balance	408,264	322,041
Capital Contributions	109,743	86,223
Balance	518,007	408,264
Crown		
Opening Balance	411,106	324,883
Capital Contributions	109,743	86,223
Balance	520,849	411,106
RESERVE FUNDS		
Runway Sealing Fund		
Opening Balance	14,007	11,358
Interest	819	649
Contribution	2,000	2,000
Balance	16,826	14,007
Terminal Depreciation Fund		
Opening Balance	39,426	35,404
Interest	2,306	2,022
Contribution	2,000	2,000
Balance	43,732	39,426

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 2012 \$	Actual 2011 \$
Whakatāne District Council		
Administrative Services	48,230	50,185
Roads & Garden Services	3,862	10,345
Rates - Water & General	9,715	6,276
Total	61,807	66,806

Related parties disclosure

In conducting its activities, the Airport is required to pay various taxes and levies (such as GST) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers.

The Airport also provides a service to Air New Zealand which is controlled by the Crown. Revenue from Air New Zealand for the year ended 30 June 2012 totalled \$68,000 (2011: \$76,000)

Outstanding balances at year end

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

The balance in the District Fund at 30 June is \$235,661 (2011: \$93,995 deficit)

Key Management Personnel

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

The airport has key management personnel in the form of the Directors who were appointed to oversee the Board in 2011/12.

In 2012 the Chairperson of the Whakatāne Airport, Tony De Farias, received a compensation of \$10,000 and Board Member Graham Bell, received a compensation of \$3,000.

NOTE 9 - CAPITAL COMMITMENTS

Whakatāne Airport has no capital commitments as at 30th June 2012 (2011: nil)

NOTE 10 - CONTINGENCIES

Whakatāne Airport has no contingent assets or liabilities as at 30th June 2012 (2011: 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 2012, 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

Measure	Targets	Achievements
Number of non-compliance notices received	N/A	N/A
Number of Council non-compliances identified from inspections	N/A	N/A
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	0
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	None undertaken

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)	\$ 3,508	(\$61,400) Airport operational activities were completed throughout the year in a timely manner. Costs were slightly over budget (\$268,922). Revenue was down on projections (\$207,520).
	Pavement resurfacing	\$ 204,000	\$89,560 The total resurfacing costs were \$179,120, but this is half funded by the Crown, so the net cost to Council is only \$89,560, against the \$204,000 budgeted.
	Airport Security - Fence	\$ 61,000	\$40,366 An upgrade and repair to boundary fence, 90% completed at Year End. Carry Forward - \$20,000 for 2012/13 to complete work.
	Airport designations	\$ 83,867	\$7,625 Consulting aviation planning services This project (R11110) was transferred back to 2012 Opex along with WIP 2010/11 (\$69,578)

Target	Achievement
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Target: 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.

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 2012 fairly reflects the financial position and operations.



Tony Bonne
MAYOR
27 September 2012



Marty Grenfell
CHIEF EXECUTIVE
27 September 2012

AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Whakatane Airport Joint Venture's financial statements and performance information for the year ended 30 June 2012

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 7 to 23, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income and 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 page 24.

Opinion on the financial statements and performance information

In our opinion:

- the financial statements of the Airport on pages 7 to 23:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Airport's:
 - financial position as at 30 June 2012; and
 - financial performance and cash flows for the year ended on that date;
- the performance information of the Airport on page 24:
 - 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 2012.

Our audit was completed on 27 September 2012. 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 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 preparation of the Airport's 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 Board;
- 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 Board

The Board 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 Board 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 Board'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 Whakatāne Airport Joint Venture for the year ended 30 June 2012 included on the Whakatāne District Council's website. The Whakatāne District Council is responsible for the maintenance and integrity of the Whakatāne District Council's website. We have not been engaged to report on the integrity of the Whakatāne 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 the 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 the related audit report dated 27 September 2012 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.