

Whakatane Airport Joint Venture

Annual Report

For the year end 30 June 2010



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INTRODUCTION

This Annual Report provides the financial statements for the Whakatane Airport for the financial year ended 30 June 2010

The Whakatane 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 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.

The biggest airshow in the history of the Whakatane Airport was held in September 2009 drawing a crowd of more than 5,000 spectators.

Helicopter, motorbike and Ferrari race to the finish line at the 2009 Whakatane airshow.



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

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

The Council and management of Whakatane 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 Whakatane District Council, the Annual Report of the Whakatane Airport Joint Venture for the year ended 30 June 2010 fairly reflects the financial position and operations.



C G Holmes
MAYOR
22 September 2010



Diane Turner
CHIEF EXECUTIVE
22 September 2010

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30th June 2010

		Actual 2010 \$	Actual 2009 \$
INCOME			
Finance income		13,046	10,797
Other revenue	Note 2	201,927	207,348
Gains		0	
Total income		214,973	218,145
EXPENDITURE			
Personnel costs		2,131	0
Depreciation and amortisation		23,670	20,417
Finance costs		3,443	1,595
Other expenses	Note 3	232,807	238,431
Total operating expenditure		262,051	260,443
Surplus/(deficit) before tax		(47,078)	(42,298)
Income tax expense	Note 4	0	0
Surplus/(deficit) after tax		(47,078)	(42,298)
OTHER COMPREHENSIVE INCOME			
Gain/(loss) on property revaluation		0	0
Total comprehensive income for the year		(47,078)	(42,298)

The Notes and the Statement of Accounting Policies on pages 8 to 20 form part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2010

	Actual 2010 \$	Actual 2009 \$
Balance at 1 July	715,795	627,073
Total Comprehensive Income	(47,078)	(42,298)
Capital Contributions - Crown and WDC	203,700	131,020
Balance at the end of the period	872,417	715,795

The Notes and the Statement of Accounting Policies on pages 8 to 20 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION as at 30 June 2010

		Actual 2010 \$	Actual 2009 \$
EQUITY			
Capital			
Whakatane District Council	Note 8	322,041	220,191
Crown	Note 8	324,883	223,033
		646,924	443,224
Reserve Funds			
Runway Sealing Fund	Note 8	11,358	8,912
Terminal Depreciation Fund	Note 8	35,404	31,814
		46,762	40,726
Partners Current Accounts			
Whakatane District Council	Note 8	91,763	118,321
Crown	Note 8	86,968	113,525
		178,731	231,846
TOTAL EQUITY		872,417	715,796
ASSETS			
Current Assets			
Sundry Receivables	Note 5	174,767	74,337
Total Current Assets		174,767	74,337
Non-Current Assets			
Property, Plant and Equipment	Note 7	879,498	700,324
Total Non-Current Assets		879,498	700,324
Total Assets		1,054,265	774,661
LIABILITIES			
Current Liabilities			
Whakatane District Council		136,880	16,889
Trade and Other Payables	Note 6	10,490	7,700
Income In Advance	Note 6	34,478	34,277
Total Current Liabilities		181,848	58,866
Total Liabilities		181,848	58,866
Net Assets		872,417	715,795

The Notes and the Statement of Accounting Policies on pages 8 to 20 form part of the Financial Statements



Colin Holmes
MAYOR



Diane Turner
CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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 Crown.

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 2010.

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 Comprehensive Income 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 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 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 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	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 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 2010 \$	Actual 2009 \$
Airport Dues	99,001	103,188
Lease of Buildings	13,018	11,735
Commercial Leases	11,844	12,684
Grazing Leases	70,820	70,814
Sundry Income	7,244	8,927
	201,927	207,348

NOTE 3 - EXPENSES

		Actual 2010 \$	Actual 2009 \$
Depreciation and Amortisation			
Depreciation	Note 7	23,670	20,417
Amortisation		-	-
Total Depreciation and Amortisation		23,670	20,417
Other Expenses			
Audit Fees		10,401	7,700
Audit other services		-	-
Other Operating Expenses		227,980	232,326
Total Other Expenses		238,381	240,026
Total Expenses		262,051	260,443

NOTE 4 - TAXATION

	Actual 2010 \$	Actual 2009 \$
Income tax expense		
Net Surplus before tax	(47,078)	(42,298)
Tax calculated at applicable tax rate 30% (2009:30%)	(14,123)	(12,689)
Prior year adjustments	(40,216)	-
Depreciation Adjustments	(4,507)	(2,873)
Tax loss not recognised	58,846	15,562
Tax expense/(benefit)	0	0
Current tax expense	0	0
Prior year adjustments to current tax	0	0
Tax expense	0	0

Tax losses of \$537,541 (2009: \$475,440) are available to carry forward to offset any future taxable profit

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

NOTE 5 - SUNDRY RECEIVABLES & PREPAYMENTS

	Actual 2010 \$	Actual 2009 \$
Sundry Receivables - Landing Fees	7,407	8,827
Crown	167,360	65,510
	174,767	74,337

NOTE 6 - TRADE AND OTHER PAYABLES AND INCOME IN ADVANCE

	Actual 2010 \$	Actual 2009 \$
Trade and Other Payables - Audit Fees	10,490	7,700
Income in Advance - Rentals & Leases	34,478	34,277
	44,968	41,977

NOTE 7 - PLANT, PROPERTY AND EQUIPMENT 2009

	Cost/ Revaluation 30 June 2008	Accumulated depreciation and impairment 30 June 2008	Net book value 30 June 2008	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/ Revaluation 30 June 2009	Accumulated Depreciation and impairment 30 June 2009	Net Book Value 30 June 2009
Land	12,246	-	12,246	-	-	-	-	12,246	-	12,246
Airport										
Runways & Taxiways	385,318	151,830	233,488	131,019	-	-	8,361	516,337	160,191	356,146
Fencing	1,985	-	1,985	-	-	-	-	1,985	-	1,985
Fencing	22,952	10,090	12,862	-	-	-	1,654	22,952	11,744	11,208
Water Supply	59,612	8,732	50,880	-	-	-	596	59,612	9,328	50,284
Aprons	24,195	15,522	8,673	-	-	-	484	24,195	16,006	8,189
Water Supply Improvement	7,592	213	7,379	-	-	-	75	7,592	288	7,304
Radio Transmitter	941	376	565	-	-	-	113	941	489	452
Airport Signage	3,040	1,216	1,824	-	-	-	608	3,040	1,824	1,216
Grassing	30,133	-	30,133	-	-	-	-	30,133	-	30,133
Roading	15,568	-	15,568	-	-	-	-	15,568	-	15,568
	551,336	187,979	363,357	131,019	-	-	11,891	682,355	199,870	482,485

NOTE 7 - PLANT, PROPERTY AND EQUIPMENT 2009 (CONT.)

	Cost/ Revaluation 30 June 2008	Accumulated depreciation and impairment 30 June 2008	Net book value 30 June 2008	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/ Revaluation 30 June 2009	Accumulated Depreciation and impairment 30 June 2009	Net Book Value 30 June 2009
Terminal										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	231,696	114,493	117,203	-	-	-	4,634	231,696	119,127	112,569
Floodlighting	10,874	3,859	7,015	-	-	-	701	10,874	4,560	6,314
Terminal Site Development	65,595	2,150	63,445	-	-	-	1,075	65,595	3,225	62,370
Automatic Sliding Doors	11,515	3,030	8,485	-	-	-	848	11,515	3,878	7,637
	331,886	128,166	203,720	-	-	-	7,258	331,886	135,424	196,462
Work Services										
Plant & Equipment	2,800	2,364	436	-	-	-	44	2,800	2,408	392
Furniture & Fittings	13,995	11,727	2,268	7,695	-	-	1,224	21,690	12,951	8,739
	16,795	14,091	2,704	7,695	-	-	1,268	24,490	15,359	9,131
	\$912,263	\$330,236	\$582,027	\$138,714	-	-	\$20,417	\$1,050,977	\$350,653	\$700,324

Lease rentals amounting to \$95,233 (2008: \$89,328) relating to the lease of building space and grazing leases are included in the income statement (Note 5). 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 - PLANT, PROPERTY AND EQUIPMENT 2010

	Cost/ Revaluation 30 June 2009	Accumulated Depreciation and Impairment 30 June 2009	Net Book Value 30 June 2009	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/ Revaluation 30 June 2010	Accumulated Depreciation and Impairment 30 June 2010	Net Book Value 30 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	-	-	14,781	885,199	214,651	670,548

NOTE 7 - PLANT, PROPERTY AND EQUIPMENT 2010 (CONT)

	Cost/ Revaluation 30 June 2009	Accumulated Depreciation and Impairment 30 June 2009	Net Book Value 30 June 2009	Additions current year	Disposals current year	Impairment current year	Depreciation current year	Cost/ Revaluation 30 June 2010	Accumulated Depreciation and Impairment 30 June 2010	Net Book Value 30 June 2010
Terminal										
Paths & Parking Area	12,206	4,634	7,572	-	-	-	-	12,206	4,634	7,572
Building	231,696	119,127	112,569	-	-	4634	4634	231,696	123,761	107,935
Floodlighting	10,874	4,560	6,314	-	-	631	631	10,874	5,191	5,683
Terminal Site Development	65,595	3,225	62,370	-	-	1075	1075	65,595	4,300	61,295
Automatic Sliding Doors	11,515	3,878	7,637	-	-	763	763	11,515	4,641	6,874
	331,886	135,424	196,462	-	-	7,103	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	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 8 - EQUITY

	Actual 2010 \$	Actual 2009 \$
Equity		
Capital		
Whakatane District Council	322,041	220,191
Crown	324,883	223,033
	646,924	443,224
Reserve Funds		
Runway Sealing Fund	11,358	8,912
Terminal Depreciation Fund	35,404	31,814
	46,762	40,726
Partners Current Accounts		
Whakatane District Council	91,763	118,321
Crown	86,968	113,525
	178,731	231,846
Total Closing Public Equity	872,417	715,796
Partners Current Accounts		
Net Surplus/(Deficit) after tax	(47,078)	(42,298)
Reserve interest	(2,036)	(1,981)
Runway reserve	(2,000)	(2,000)
Terminal depreciation reserve	(2,000)	(2,000)
	(53,114)	(48,279)
Partner Share	(26,557)	(24,140)
Whakatane District Council		
Opening Balance	118,321	142,460
Movement for the period	(26,557)	(24,139)
	91,763	118,321
Crown		
Opening Balance	113,525	137,665
Movement for the period	(26,557)	(24,140)
	86,968	113,525
	178,731	231,845
Capital		
Whakatane District Council		
Opening Balance	220,191	154,681
Capital Contribution	101,850	65,510
Balance	322,041	220,191

Table continued on the next page

NOTE 8 - EQUITY (CONTINUED)

	Actual 2010 \$	Actual 2009 \$
Crown		
Opening Balance	223,033	157,522
Capital Contribution	101,850	65,510
Balance	324,883	223,033
Reserve Funds		
Runway Sealing Fund		
Opening Balance	8,912	6,539
Interest	446	373
Contribution	2,000	2,000
Balance	11,358	8,912
Terminal Depreciation Fund		
Opening Balance	31,814	28,206
Interest	1,590	1,608
Contribution	2,000	2,000
Balance	35,404	31,814

NOTE 9 - RELATED PARTY TRANSACTIONS

Whakatane Airport is a 50:50 joint equity venture with the Crown and Whakatane District Council, and both entities are considered to be related parties.

The following transactions were carried out with related parties:

	Actual 2010 \$	Actual 2009 \$
Whakatane District Council		
Administrative Services	44,966	85,906
Other Services	-	2,944
Roads & Garden Services	2,784	3,083
Rates - Water & General	4,890	5,185
Total	52,640	97,118

Outstanding balances at year end

All cash transactions occur through Whakatane District Council bank accounts.

The deficit balance in the District Fund at 30 June is \$136,880 (2009:\$16,889 deficit)

Key Management Personnel

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

NOTE 10 - CAPITAL COMMITMENTS

Whakatane Airport has no capital commitments as at 30 June 2010 (2009: nil)

NOTE 11 - CONTINGENCIES

Whakatane Airport has no contingent assets or liabilities as at 30 June 2010 (2009: nil)

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 2010, 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 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. 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 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.

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

	Annual Plan 2010	Actual 2010
Number of non-compliance notices received.	-	-
Number of Council non-compliances identified from inspections.	-	-
Airport is maintained as a non-certificated aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at or 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 actioned.	Within 24 hours	None undertaken
Health and safety works actioned.	Within 24 hours	1 - Access gate lock broken - replaced within 24hrs

	Annual Plan 2010	Actual 2010	Comment
Operational Expenditure			
Operate and maintain the airport's assets within an operational expenditure budget (excluding corporate overheads and depreciation)	\$150,000	\$176,101	Overspend arises from increased audit fees \$5,000, consultancy fees \$15,000 (Property Acquisition Project and Draft Airport Operations Plan) and contract costs \$6,000
Capital Expenditure			
Pavement resurfacing net cost \$98,000; renewal of runway lighting and navigational aids \$ 8,000; airport designations \$75,000	\$181,000	\$202,844	Pavement rejuvenation sealing total cost was \$202,844 - net cost \$100,994. The aged lighting and navigational aids did not require as much maintenance and renewal expenditure as projected. The designation project was commenced but no costs were invoiced for the year to 30 June.

NOTE 16 - BREACH OF LEGISLATION

For the current reporting period the Whakatane Airport Joint Venture did not comply with Schedule 8 section 2 of the Local Government Act 2002, which requires the Joint Venture to deliver to its owners a draft Statement of Intent (SOI) on or before 1 March each year, and the Board must consider any comments on the draft SOI that are made to it within two months of 1 March by owners and deliver the completed SOI to the owners on or before 30 June each year.

A draft 2010/2011 SOI was prepared but not delivered by 1 March 2010, nor was it completed and delivered to owners by 30 June 2010. It is expected that the SOI will be completed and delivered to the Council by 28 October 2010.

Accordingly the Whakatane Airport Joint Venture has not met these statutory time lines.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Audit Report

**To the readers of
Whakatane Airport Joint Venture's
financial statements and performance information
for the year ended 30 June 2010**

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 on her behalf. The audit covers the financial statements and performance information included in the annual report of the Airport for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Airport on pages 5 to 20:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Airport's financial position as at 30 June 2010; and
 - the results of its operations for the year ended on that date.
- The performance information of the Airport on page 20 fairly reflects the achievements measured against the performance targets adopted for the year ended 30 June 2010.

The audit was completed on 22 September 2010 and is the date at which our opinion is expressed.

The basis of our opinion, which refers to the failure to complete a statement of intent for the period commencing 1 July 2010 is explained below. In addition, we outline the responsibilities of the Airport and the Auditor, and explain our independence.

Basis of opinion

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

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we

had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

Audit procedures generally include:

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

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

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

Failure to complete a Statement of Intent for the period commencing 1 July 2010

We draw attention to note 16 on page 20 of the financial statements explaining that the Airport has not yet completed a statement of intent for the period commencing 1 July 2010.

Responsibilities of the Airport and the Auditor

The Airport 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 2010 and the results of its operations for the year ended on that date. The Airport is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 30 June 2010. The Airport's responsibilities arise from the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the 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 2010 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 statement of service performance 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 related audit report dated 22 September 2010 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.