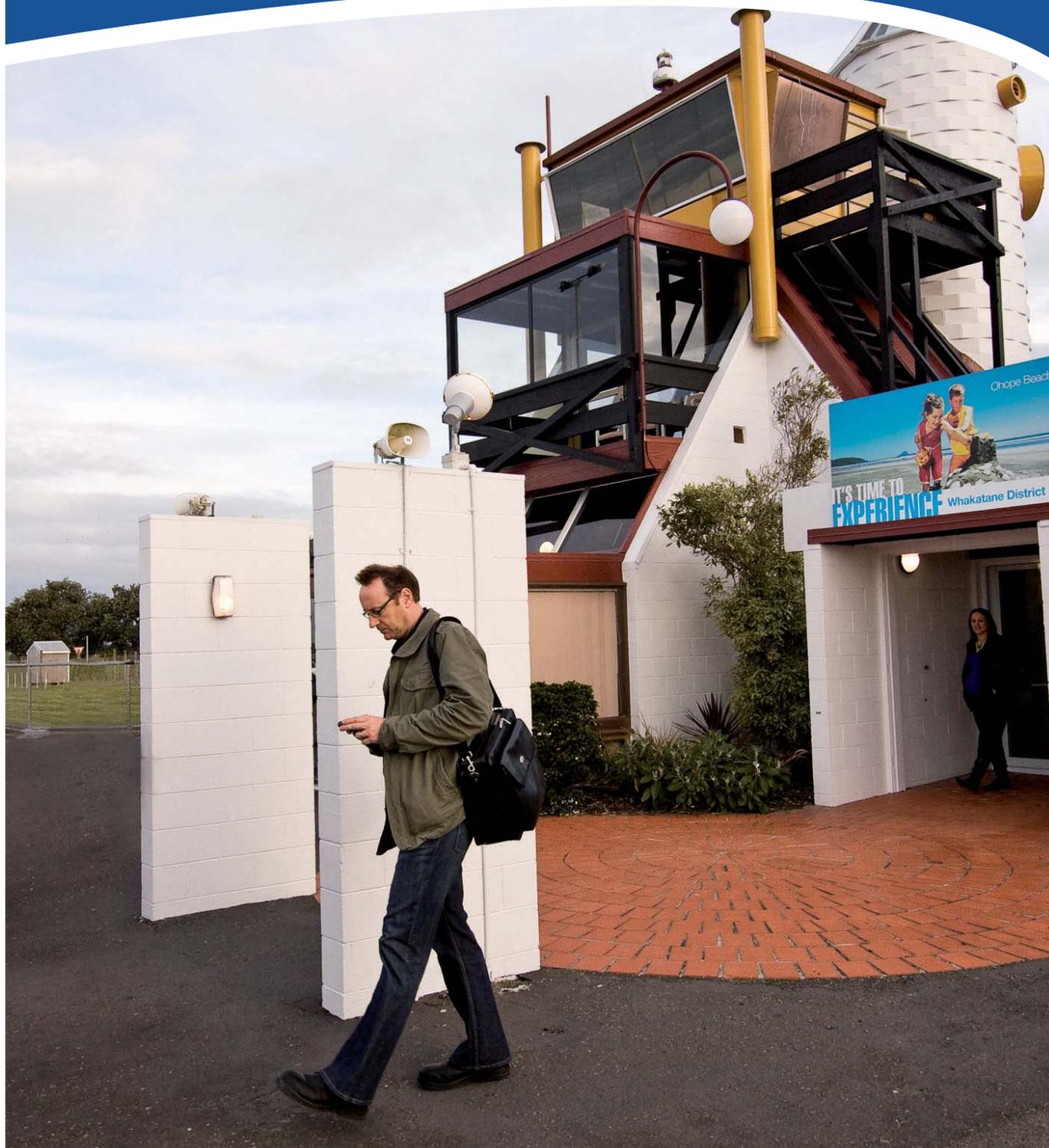


Whakatane Airport Joint Venture Annual Report

For the year ended 30 June 2009



Whakatane District Council



CONTENTS

INTRODUCTION	3
Significant Policies and objectives of the Whakatane Airport.....	3
Nature and scope of activities provided by Whakatane Airport.....	3
FINANCIAL STATEMENTS	4
Statement of Financial Performance for the year ended 30th June 2009.....	4
Statement of Changes in Equity for the year ended 30th June 2009.....	5
Statement of Financial Position as at 30 June 2009	6
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009	7
Note 1 - Statement of Accounting Policies	7
Note 2 - Other Revenue	10
Note 3 - Expenses.....	10
Note 4 - Taxation	11
Note 5 - Sundry Receivables & Prepayments.....	11
Note 6 - Trade and Other Payables and Income in Advance	11
Note 7 - Plant, Property and Equipment 2008.....	12
Note 7 - Plant, Property and Equipment 2009.....	14
Note 8 - Equity.....	16
Note 9 - Related Party Transactions.....	17
Note 10 - Capital Commitments	18
Note 11 - Contingencies	18
Note 12 - Events after Balance Sheet date	18
Note 13 - Financial Instruments.....	18
Note 14 - Statement of intent.....	18
Note 15 - Performance	19
Note 16 - Breach of Legislation	19
AUDIT REPORT	20

INTRODUCTION

This Annual Report provides the financial statements for the Whakatane Airport for the financial year ended 30 June 2009

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

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

SIGNIFICANT POLICIES AND OBJECTIVES OF THE WHAKATANE AIRPORT

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

NATURE AND SCOPE OF ACTIVITIES PROVIDED BY WHAKATANE AIRPORT

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

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

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



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30th June 2009

		Actual 2009 \$	Actual 2008 \$
Revenue			
Airport Dues		103,188	89,591
Other Revenue	Note 2	114,957	107,017
Total Income		218,145	196,608
Expenditure			
Expenses	Note 3	260,443	314,391
Total Operating Expenditure		260,443	314,391
Net Surplus (Deficit) before Tax		(42,298)	(117,783)
Income Tax Expense	Note 4	-	-
Net Surplus (Deficit)		(42,298)	(117,783)

The Notes and the Statement of Accounting Policies on pages 7 to 19 form part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2009

	Actual 2009 \$	Actual 2008 \$
Balance at 1 July	627,073	744,856
Net Surplus (Deficit)	(42,298)	(117,783)
Total recognised income (expenditure)	(42,298)	(117,783)
Capital Contributions - MOT and WDC	131,020	-
Balance at the end of the period	715,795	627,073

The Notes and the Statement of Accounting Policies on pages 7 to 19 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION as at 30 June 2009

		Actual 2009 \$	Actual 2008 \$
Equity			
Capital			
Whakatane District Council	Note 8	220,191	154,681
Crown	Note 8	223,032	157,522
		443,223	312,203
Reserve Funds			
Runway Sealing Fund	Note 8	8,912	6,539
Terminal Depreciation Fund	Note 8	31,814	28,206
		40,726	34,745
Partners Current Accounts			
Whakatane District Council	Note 8	118,321	142,460
Crown	Note 8	113,525	137,665
		231,846	280,125
TOTAL EQUITY		715,795	627,073
Assets			
Current Assets			
Whakatane District Council		-	71,454
Sundry Receivables	Note 5	74,337	10,187
Prepayments	Note 5	-	1,704
Total Current Assets		74,337	83,345
Non-Current Assets			
Property, Plant and Equipment	Note 7	700,324	582,027
Total Non-Current Assets		700,324	582,027
Total Assets		774,661	665,372
Liabilities			
Current Liabilities			
Whakatane District Council		16,889	-
Trade and Other Payables	Note 6	7,700	6,000
Income In Advance	Note 6	34,277	32,299
Total Current Liabilities		58,866	38,299
Total Liabilities		58,866	38,299
Net Assets		715,795	627,073

The Notes and the Statement of Accounting Policies on pages 7 to 19 form part of the Financial Statements



Colin Holmes
MAYOR



Diane Turner
CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2009

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ENTITIES REPORTING

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

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

The financial statements of Whakatane Airport are for the year ended 30 June 2009.

BASIS OF PREPARATION

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

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

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

STATUTORY BASE

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

DIFFERENTIAL REPORTING

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

- a) the Airport is not publicly accountable;
- b) the Airport is not large

All differential reporting exemptions have been taken advantage of.

HISTORICAL COST CONVENTION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

No material estimates were required this accounting period.

REVENUE RECOGNITION

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

RENTAL REVENUE

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

INTEREST INCOME

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

INCOME TAX

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

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

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST. 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 financial performance.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Loans and receivables

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

PROPERTY, PLANT AND EQUIPMENT

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

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

All property, plant and equipment is shown at cost less depreciation and impairment costs. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Whakatane Airport and the cost of the item can

be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Operational assets:	Years	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 financial performance.

INTANGIBLE ASSETS

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

TRADE AND OTHER PAYABLES

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

NOTE 2 - OTHER REVENUE

	Actual 2009 \$	Actual 2008 \$
Lease of Buildings	11,735	11,183
Commercial Leases	12,684	7,319
Grazing Leases	70,814	70,826
Interest on Reserve Funds	1,981	2,277
Sundry Income	8,927	3,038
General Interest	8,816	12,374
	114,957	107,017

NOTE 3 - EXPENSES

		Actual 2009 \$	Actual 2008 \$
Depreciation and Amortisation			
Depreciation	Note 7	20,417	19,356
Amortisation	Note 7	-	260
Total Depreciation and Amortisation		20,417	19,616
Other Expenses			
Audit Fees		7,700	8,000
Audit other services		-	-
Other Operating Expenses		232,326	286,775
Total Other Expenses		240,026	294,775
Total Expenses		260,443	314,391

NOTE 4 - TAXATION

	Actual 2009 \$	Actual 2008 \$
Income tax expense		
Net Surplus before tax	(42,298)	(117,653)
Tax calculated at applicable tax rate 30% (2008:33%)	(12,689)	(38,825)
Depreciation Adjustments	(2,873)	(2,970)
Tax loss not recognised	15,562	41,795
Tax expense/(benefit)	-	-
Current tax expense	-	-
Prior year adjustments to current tax	-	-
Tax expense	-	-

Tax losses of \$338,000 (2008: \$287,000) are available to carry forward and offset.

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

NOTE 5 - SUNDRY RECEIVABLES & PREPAYMENTS

	Actual 2009 \$	Actual 2008 \$
Sundry Receivables - Landing Fees	8,827	10,187
Ministry of Transport	65,510	-
Prepayments - Insurance Jardines	-	1,200
Prepayments - subs Aviation Industry Assn	-	504
	74,337	11,891

NOTE 6 - TRADE AND OTHER PAYABLES AND INCOME IN ADVANCE

	Actual 2009 \$	Actual 2008 \$
Trade and Other Payables - Audit Fees	7,700	6,000
Income in Advance - Rentals & Leases	34,277	32,299
	41,977	38,299

NOTE 7 - PLANT, PROPERTY AND EQUIPMENT 2008

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

NOTE 7 - PLANT, PROPERTY AND EQUIPMENT 2008

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

Lease rentals amounting to \$89,328 (2007: \$91,710) relating to the lease of building space and grazing leases are included in the income statement (Note 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 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										
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	-	-	-	0	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

	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 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 2009 \$	Actual 2008 \$
Equity		
Capital		
Whakatane District Council	220,191	154,681
Crown	223,032	157,522
	443,223	312,203
Reserve Funds		
Runway Sealing Fund	8,912	6,539
Terminal Depreciation Fund	31,814	28,206
	40,726	34,745
Partners Current Accounts		
Whakatane District Council	118,321	142,460
Crown	113,525	137,665
	231,846	280,125
Total Closing Public Equity	715,795	627,073
Partners Current Accounts		
Net Surplus/(Deficit) after tax	(42,298)	(117,783)
Reserve interest	(1,981)	(2,277)
Runway reserve	(2,000)	(2,000)
Terminal depreciation reserve	(2,000)	(2,000)
	(48,279)	(124,060)
Partner Share	(24,140)	(62,030)
Whakatane District Council		
Opening Balance	142,460	204,490
Movement for the period	(24,139)	(62,030)
	118,321	142,460
Crown		
Opening Balance	137,665	199,694
Movement for the period	(24,140)	(62,029)
	113,525	137,665
	231,846	280,125
Capital		
Whakatane District Council		
Opening Balance	154,681	154,681
Movement	65,510	-
Balance	220,191	154,681

Table continued on the next page

NOTE 8 - EQUITY (CONTINUED)

	Actual 2009 \$	Actual 2008 \$
Crown		
Opening Balance	157,522	157,522
Movement	65,510	-
Balance	223,032	157,522
Reserve Funds		
Runway Sealing Fund		
Opening Balance	6,539	4,203
Interest	373	336
Contribution	2,000	2,000
Balance	8,912	6,539
Terminal Depreciation Fund		
Opening Balance	28,206	24,265
Interest	1,608	1,941
Contribution	2,000	2,000
Balance	31,814	28,206

NOTE 9 - RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

	2009 \$	2008 \$
Whakatane District Council		
Administrative Services	85,906	71,758
Other Services	2,944	2,382
Roads & Garden Services	3,083	1,709
Rates - Water & General	5,185	3,172
Total	97,118	79,021

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 \$16,889 (2008: \$71,454 in funds)

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 2009 (2008: nil)

NOTE 11 - CONTINGENCIES

Whakatane Airport has no contingent assets or liabilities as at 30 June 2009 (2008: 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 2009, 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 2009	Actual 2009
Number of non-compliance notices received.	-	-
Number of Council non-compliances identified from inspections.	-	-
Maintain compliance with the Whakatane Airport Aviation Services Operational Plans.	95%	95%
Manage and operate the airport amenities and equipment with a minimum number of environmentally related complaints.	< 5	-
Proportion of Whakatane Airport assets (by replacement cost value) in a moderate, good or very good condition.	90%	98%
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 immediate - substance proved harmless

	Annual Plan 2009	Actual 2009	Comment
Operational Expenditure			
Operate and maintain the airport's assets within an operational expenditure budget (excluding corporate overheads and depreciation)	175,700	142,908	Under spend of \$32,792 arising from less requirement for consultancy services pending implementation of the master plan
Capital Expenditure			
Terminal interior renovation \$10,000; terminal upgrade \$154,400; runway resurfacing \$64,100; land acquisition \$360,000	588,500	138,714	Terminal upgrade delayed pending consideration of master plan; runway resurfacing budget revised up during the year by \$65,000 but overspent by \$2,000; land acquisition still under negotiation; \$7,700 spent on terminal interior; new budget of \$27,000 approved during year for security system but postponed to 2009/2010

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 2009/2010 SOI was prepared but not delivered by 1 March 2009, nor was it completed and delivered to owners by 30 June 2009. It is expected that the SOI will be completed and delivered to the Council by 28 October 2009.

Accordingly the Whakatane Airport Joint Venture has not met these statutory timelines

AUDIT REPORT

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 2009

The Auditor-General is the auditor of Whakatane Airport Joint Venture (the Airport). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Airport for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Airport on pages 4 to 19:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Airport's financial position as at 30 June 2009; and
 - the results of its operations for the year ended on that date.
- The performance information of the Airport on page 19 fairly reflects the achievements measured against the performance targets adopted for the year ended 30 June 2009.

Breach of Law – Failure to issue the Statement of Intent for period beginning 1 July 2009

The Whakatane District Council did not comply with section 64 and clause 3 of Schedule 8 of the Local Government Act 2002, which require the Airport's Statement of Intent for the period beginning 1 July 2009 to be completed by 30 June 2009.

The audit was completed on 25 September 2009, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Whakatane District Council and the Auditor, and explain our independence.

Basis of Opinion

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

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and 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 the opinion.

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Whakatane District Council;
- 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.

Responsibilities of the Whakatane District Council and the Auditor

The Whakatane District Council 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 2009 and the results of its operations for the year ended on that date. The Whakatane District Council is also responsible for preparing the performance information that fairly reflects the service performance achievements for the year ended 30 June 2009. The Whakatane District Council'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 70 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

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

A handwritten signature in black ink, appearing to read 'F Caetano', with a large, stylized flourish extending upwards and to the right.

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