

**Rotorua Regional Airport Limited**  
**Financial Statements**  
**For the Year Ended 30 June 2014**

**Rotorua Regional Airport Limited**  
**Financial Statements Index**  
**For the Year Ended 30 June 2014**

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# Rotorua Regional Airport Limited

## Company Directory

As at 30 June 2014

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Date of Incorporation	06/04/1990		
Company Number	386483		
IRD Number	051-834-720		
Nature of Business	Provision of Safe & Efficient Airport Services for Airline and Aircraft Operators and the Travelling Public		
Business Location	Rotorua Airport Terminal Rotorua Airport, SH30, Rotokawa, Rotorua		
Registered Office	Rotorua Airport Terminal Rotorua Airport, SH30, Rotokawa, Rotorua		
Directors	Raymond Noel Cook (Chairman) Wiremu Atetini Kingi Peter Stubbs Stuart Alan Crosby		
Auditors	Audit New Zealand on behalf of the Auditor-General		
Accountants	Bright Wild & Thomas Limited, Rotorua		
Bankers	ASB Bank, Rotorua		
Solicitors	McKechnie, Quirke & Lewis, Rotorua		
Shareholders	Rotorua District Council	<u>1,000</u>	Ordinary Shares
		<u>1,000</u>	

*The accompanying notes form part of these financial statements.*

# Rotorua Regional Airport Limited

## Annual Report

For the Year Ended 30 June 2014

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The Directors hereby present their Annual Report including Financial Statements of the company for the year ended 30 June 2014.

Section 211 of the Companies Act 1993 requires the following disclosures:

### Principal Activities

The business of the company is the provision of safe and efficient airport services for airlines and aircraft operators and the travelling public. The nature of the company's business has not changed during the year.

### Auditors

The Auditor General is appointed under Section 15 of the Public Audit Act 2001. Audit New Zealand has been appointed to provide these services. Provision for audit fee for the year was \$22,498.

### Directors Holding Office During the Year

The following Directors held office as at 30 June 2014:

	Date of Appointment
Raymond Noel Cook (Chairman)	10/12/2002
Wiremu Atetini Kingi	10/12/2002
Stuart Alan Crosby	22/12/2010
Peter Stubbs	01/06/2014

The following Directors resigned during the year:

	Date of Resignation
Kevin Allen Winters	14/10/2013
Raymond John Sayer	17/03/2014

### Directors' Remuneration

Directors' remuneration paid was as follows:

	2014	2013
	\$	\$
Raymond Noel Cook	7,500	7,500
Stuart Alan Crosby	5,000	5,000
Wiremu Atetini Kingi	5,000	5,000
	<u>17,500</u>	<u>17,500</u>

No other benefits have been provided by the Company to a Director for services as a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

*The accompanying notes form part of these financial statements.*

# Rotorua Regional Airport Limited

## Annual Report

For the Year Ended 30 June 2014

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### Employee's Remuneration

The following numbers of employees, who were not directors, received remuneration and benefits which exceeded \$100,000 in value for the 2014 financial year:

\$150,001 - \$160,000	1
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### Directors' Disclosures

There were entries recorded in the Register of Interests. See Note 7 of the financial statements.

No Director acquired or disposed of any interest in shares in the company.

The Board of Directors received no notices from Directors wishing to use company information received in their capacity as Directors which would not have ordinarily been available.

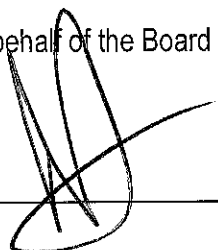
The Company paid all of the premiums on contracts insuring directors in respect of liability and costs permitted to be insured against in accordance with Section 162(5) of the Companies Act 1993.

### Donations

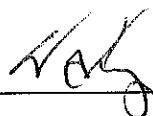
No donations were made by the company during the year.

For and on behalf of the Board of Directors,

Director



Director



Dated this 30 day of September 2014.

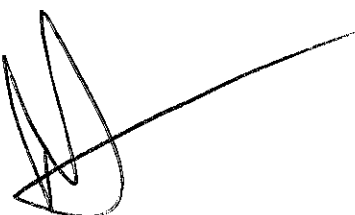
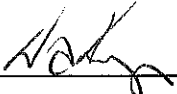
**Rotorua Regional Airport Limited**  
**Statement of Management Responsibility**  
**For the Year Ended 30 June 2014**

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The Directors of Rotorua Regional Airport Limited accepts responsibility for the preparation of the annual financial statements and the judgements used in these statements.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the company's financial and non-financial reporting.

In the opinion of the Directors, the annual financial statements for the financial year fairly reflect the financial position and operations of the company.

Director  Director 

Dated this 30 day of September 2014.

# Rotorua Regional Airport Limited

## Statement of Comprehensive Income

For the Year Ended 30 June 2014

	<i>Note</i>	<b>2014</b> \$	<b>2013</b> \$
<b>REVENUE</b>			
Operating Revenue	3	2,348,705	2,507,727
Other Revenue	4	20,916	40,282
<b>TOTAL REVENUE</b>		<u>2,369,621</u>	<u>2,548,009</u>
<b>EXPENSES</b>			
Operating Expenses	5	1,067,461	911,017
Audit Fees	6	22,498	22,275
Depreciation and Amortisation		175,105	188,855
Development Levy Pass-On		413,456	482,406
Directors' Fees		17,500	17,500
Other Expenses		790,076	621,201
Rent and Rates		118,993	163,281
<b>TOTAL EXPENSES</b>		<u>2,605,089</u>	<u>2,406,535</u>
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		<u>(235,468)</u>	<u>141,474</u>
Income tax expense	10	-	-
<b>SURPLUS/(DEFICIT) AFTER TAX</b>		<u>(235,468)</u>	<u>141,474</u>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>(235,468)</u></u>	<u><u>141,474</u></u>

*The accompanying notes form part of these financial statements.*

# Rotorua Regional Airport Limited

## Statement of Changes in Equity

For the Year Ended 30 June 2014

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	<i>Note</i>	<b>2014</b>	<b>2013</b>
		\$	\$
<b>EQUITY AT START OF YEAR</b>		1,925,525	1,784,051
Total comprehensive income for the year		(235,468)	141,474
<b>EQUITY AT END OF YEAR</b>		<u>1,690,057</u>	<u>1,925,525</u>

*The accompanying notes form part of these financial statements.*



**Rotorua Regional Airport Limited**  
**Statement of Financial Position**  
**As at 30 June 2014**

	<i>Note</i>	<b>2014</b> \$	<b>2013</b> \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	464,200	1,257,639
Taxation		51,696	50,938
Trade and other receivables	19	567,855	632,727
<b>Total current assets</b>		<u>1,083,751</u>	<u>1,941,304</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	12	931,928	740,125
Intangible assets	13	21,528	49,834
<b>Total non-current assets</b>		<u>953,456</u>	<u>789,959</u>
<b>TOTAL ASSETS</b>		<u>2,037,207</u>	<u>2,731,263</u>
<b>CURRENT LIABILITIES</b>			
GST payable		10,429	14,649
Trade and other payables	20	285,994	734,491
Employee entitlements	21	50,727	56,598
<b>Total current liabilities</b>		<u>347,150</u>	<u>805,738</u>
<b>TOTAL LIABILITIES</b>		<u>347,150</u>	<u>805,738</u>
<b>NET ASSETS</b>		<u>1,690,057</u>	<u>1,925,525</u>
<b>EQUITY</b>			
Share capital	17(a)	1,000	1,000
Reserves	18	2,974,802	2,974,802
Retained Earnings	17(b)	(1,285,745)	(1,050,277)
<b>TOTAL EQUITY</b>		<u>1,690,057</u>	<u>1,925,525</u>

The Board of Directors of Rotorua Regional Airport Limited authorised these financial statements for issue on \_\_\_\_ September 2014.

*The accompanying notes form part of these financial statements.*

# Rotorua Regional Airport Limited

## Statement of Cashflows

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
Cash was received from:			
Receipts from customers		2,356,087	2,834,588
Interest received		21,726	22,328
		<u>2,377,813</u>	<u>2,856,916</u>
Cash was paid to:			
Payments to suppliers and employees		2,875,760	2,272,346
Goods and services tax (net)		7,284	9,902
Interest paid		-	14,737
Income tax payment		759	2,945
		<u>2,883,803</u>	<u>2,299,930</u>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	9	<u>(505,990)</u>	<u>556,986</u>
<b>Cash Flows from Investing Activities</b>			
Cash was received from:			
Proceeds from sale of property, plant and equipment		522	20,870
		<u>522</u>	<u>20,870</u>
Cash was paid to:			
Purchase of property, plant and equipment		287,971	59,213
		<u>287,971</u>	<u>59,213</u>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<u>(287,449)</u>	<u>(38,343)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>(793,439)</u>	<u>518,643</u>
Cash and cash equivalents at the beginning of the year		1,257,639	738,996
<b>Cash and Cash Equivalents at the end of year</b>	8	<u>464,200</u>	<u>1,257,639</u>

The GST (net) component of the operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of other primary financial statements.

*The accompanying notes form part of these financial statements.*

# **Rotorua Regional Airport Limited**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2014**

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### **STATEMENT OF ACCOUNTING POLICIES**

#### **1. REPORTING ENTITY**

Rotorua Regional Airport Limited ('the Company') is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is fully owned by the Rotorua District Council and is a Council Controlled Trading Organisation as defined under section 6 of the Local Government Act 2002.

The Company is an airport operator based in Rotorua that aims to provide a safe, commercially viable operation optimising social and economic benefits to the community shareholder. Accordingly the Company has designated itself as a profit oriented entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Company are for the year ended 30 June 2014. The financial statements were authorised for issue by the directors on \_\_\_\_ September 2014.

#### **2. BASIS OF PREPARATION**

##### **Statement of compliance**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to profit oriented entities that qualify for and apply differential reporting concessions.

The Company is a reporting entity for the purposes of the Financial Reporting Act 1993. These financial statements comply with the Financial Reporting Act 1993, the Companies Act 1993, and Section 69 of the Local Government Act 2002.

##### **Differential Reporting**

The Company qualifies for Differential Reporting exemptions as it has no public accountability and it is not large. The Company has taken advantage of the differential reporting exemptions under the Framework of Differential Reporting except for NZ IAS7 Statement of Cash Flows, and that GST exclusive accounting has been adopted.

##### **Measurement Base**

The financial statements have been prepared on a historical cost basis.

##### **Functional and presentation currency**

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

##### **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

# **Rotorua Regional Airport Limited**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2014**

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### **SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies which materially affect the measurement of financial results and financial position have been adopted in the preparation of the financial statements.

**(a) Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from sale of goods is recognised when the product is sold to the customer.

Revenue from services is recognised when the service is provided.

Rental income is recognised on an accrual basis with reference to the leases and rental agreements in force at balance date, with adjustment for rent paid in advance.

Interest income is recognised using the effective interest method.

**(b) Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**(c) Trade debtors and other receivables**

Trade debtors and other receivables are recognised at cost less provision for doubtful debts.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

**(d) Trade creditors and other payables**

Trade creditors and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and call deposits. Bank overdrafts that are repayable on demand and form part of the Company's cash management are included for the purposes of the statement of cash flows.

**(f) Employee Entitlements**

Liabilities for accumulating short-term entitlements are measured at nominal value based on unused entitlement accumulated at current rate of pay at balance date.

# **Rotorua Regional Airport Limited**

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2014**

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**(g) Goods & Services Tax**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the Inland Revenue Department, including GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**(h) Income Tax**

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

**(i) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, the sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(j) Property, Plant & Equipment**

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

**Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

**Disposal**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the statement of comprehensive income.

**Subsequent costs**

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

# Rotorua Regional Airport Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2014

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### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write-off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Leasehold Improvements & Chattels	20 years (5%)
Motor Vehicles	5-10 years (10-20%)
Furniture & Office Equipment	10 years (10%)
Computer Equipment	4 years (25%)
Plant & Equipment	10 years (10%)

### (k) Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised in the statement of comprehensive income.

### (l) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The carrying amount of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	4 years	25%SL
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# Rotorua Regional Airport Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 3. OPERATING REVENUE

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Landing Charges	812,937	838,311
Lease Rental	416,413	431,510
Parking Revenue	488,165	506,505
Ground Handling Revenue	33,008	32,949
Development Levy Revenue	516,819	603,008
Other Operating Revenue	81,363	95,444
Total Operating Revenue	<u>2,348,705</u>	<u>2,507,727</u>

### 4. OTHER REVENUE

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Interest Received	20,400	23,654
Net Gain on Sale of Property, Plant & Equipment	-	16,628
Bad Debts Recovered	516	-
Total Other Revenue	<u>20,916</u>	<u>40,282</u>

### 5. OPERATING EXPENSES

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Customs Service Expenses	1,013	1,861
Development Levy Expenses	149,576	177,478
Ground Handling Expenses	5,250	18,250
Runway/Taxiway/Apron Expenses	636,160	449,084
Shop Operating Expenses	52	2,136
Surrounds Expenses	66,345	64,926
Terminal Expenses	209,065	197,282
Total Operating Expenses	<u>1,067,461</u>	<u>911,017</u>

### 6. AUDITOR'S REMUNERATION

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Fees to principal auditor		
Audit Fees for financial statement audit – current year	22,498	22,275
Total Audit Fees	<u>22,498</u>	<u>22,275</u>

# Rotorua Regional Airport Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 7. RELATED PARTIES

The controlling party of the Company is Rotorua District Council. The following transactions are the disclosures of transactions between the Company and its shareholders and directors:

- i) Land and water rates of \$78,482 (2013: \$81,642) were paid to Rotorua District Council.
- ii) Trade waste administration fees of \$80 (2013: \$160) were paid to Rotorua District Council.
- iii) General maintenance charges of \$1,260 (2013: \$nil) were paid to Rotorua District Council.
- iv) The Company paid rent of \$42,738 (2013: \$86,744) to Rotorua District Council for the lease of airport infrastructural assets.
- v) The Company paid \$413,456 (2013: \$482,406) to Rotorua District Council as development levy pass on.
- vi) The total value of directors' remuneration including non-monetary benefits were \$17,500 (2013: \$17,500)
- vii) The Company paid \$1,932 (2013: \$20,661) for terminal and plant maintenance to R & B Consultants Limited, a company in which Mr Raymond Noel Cook, a director, is a director of. There were no amounts outstanding at year end.

Balance receivable from Rotorua District Council \$477,561 (2013:\$516,431)

Balance payable to Rotorua District Council \$ 67,807 (2013:\$78,786)

Related party transactions are transacted on an arm's length basis. No related party debts have been written off or forgiven during the year.

### 8. CASH & CASH EQUIVALENTS

	<b>2014</b>	<b>2013</b>
	\$	\$
Cash at bank	110,195	226,986
Cash on hand	5,243	12,447
Call deposits	348,762	558,578
Short term deposits	-	459,628
Net cash & cash equivalents	<u>464,200</u>	<u>1,257,639</u>



**Rotorua Regional Airport Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2014**

**9. RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Net Operating Surplus/(Deficit)	(235,468)	141,474
<b>Add non-cash items</b>		
Depreciation	175,105	188,855
	<u>(60,363)</u>	<u>330,329</u>
<b>Add/(less) movements in working capital items</b>		
Trade and other receivables	64,872	381,296
Taxation	(758)	(2,946)
Trade and other payables	(508,397)	(94,572)
Employee entitlements	(5,871)	7,042
Goods and services tax	(4,220)	(47,535)
	<u>(454,374)</u>	<u>243,285</u>
<b>Add/(less) items classified as investing or financing activities</b>		
(Gains)/losses on the disposal of property, plant and equipment	8,747	(16,628)
<b>Net cash flows from operating activities</b>	<u>(505,990)</u>	<u>556,986</u>

The trade creditors and other payables movement does not agree with the face of the statement of financial position due to the exclusion of this year's fixed asset payable of \$59,900.

**10. INCOME TAX EXPENSE**

a) Income tax recognised in profit or loss

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Tax expense (income) comprises		
Current year tax expense (income)	-	-
<b>Total tax expense (income)</b>	<u>-</u>	<u>-</u>

b) Relationship between tax expense and accounting profit

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Surplus (deficit) before tax	(235,468)	141,474
Tax at 28%	(65,931)	39,613
Plus (less) tax effect of		
Non-deductible expenses	347	685
Temporary differences	10,389	11,176
Tax losses not recognised	55,195	-
Tax losses recognised	-	(51,474)
	<u>-</u>	<u>-</u>

Tax losses of \$2,740,860 (2013: \$2,543,735) are available to carry forward and offset future taxable income.

**Rotorua Regional Airport Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2014**

**11. IMPUTATION CREDIT ACCOUNT**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Imputation credits available for use in subsequent reporting periods	nil	nil

**12. PROPERTY, PLANT & EQUIPMENT**

	Plant and Equipment	Motor Vehicles	Furniture and Office Equipment	Computer Equipment	Leasehold Improvements	Total
<b>Cost</b>						
Balance at 1 July 2012	866,014	496,713	153,233	74,366	67,695	1,658,021
Additions	1,312	34,479	2,488	4,608	22,334	65,221
Disposals	(1,172)	(35,606)	-	-	-	(36,778)
<b>Balance at 30 June 2013</b>	<b>866,154</b>	<b>495,586</b>	<b>155,721</b>	<b>78,974</b>	<b>90,029</b>	<b>1,686,464</b>
Balance 1 July 2013	866,154	495,586	155,721	78,974	90,029	1,686,464
Additions	259,358	-	-	-	88,513	347,871
Disposals	(31,579)	-	(2,032)	(1,942)	-	(35,553)
<b>Balance 30 June 2014</b>	<b>1,093,933</b>	<b>495,586</b>	<b>153,689</b>	<b>77,032</b>	<b>178,542</b>	<b>1,998,782</b>
<b>Accumulated Depreciation and Impairment Losses</b>						
Balance at 1 July 2012	420,759	248,188	100,623	43,503	12,448	825,521
Depreciation Expense	76,092	49,167	12,353	12,187	3,556	153,355
Impairment Losses	-	-	-	-	-	-
Disposals	(799)	(31,738)	-	-	-	(32,537)
<b>Balance at 30 June 2013</b>	<b>496,052</b>	<b>265,617</b>	<b>112,976</b>	<b>55,690</b>	<b>16,004</b>	<b>946,339</b>
Balance at 1 July 2013	496,052	265,617	112,976	55,690	16,004	946,339
Depreciation Expense	74,355	48,761	11,914	11,307	7,212	153,549
Impairment Losses	-	-	-	-	-	-
Disposals	(30,192)	-	(2,032)	(810)	-	(33,034)
<b>Balance at 30 June 2014</b>	<b>540,215</b>	<b>314,378</b>	<b>122,858</b>	<b>66,187</b>	<b>23,216</b>	<b>1,066,854</b>
<b>Carrying Amounts</b>						
At 1 July 2012	445,255	248,525	52,610	30,863	55,247	832,500
At 30 June and 1 July 2013	370,102	229,969	42,745	23,284	74,025	740,125
At 30 June 2014	553,718	181,208	30,831	10,845	155,326	931,928

There are no restrictions over the title of the Company's property, plant, and equipment; nor is any pledged as security for liabilities

# Rotorua Regional Airport Limited

## Notes to the Financial Statements

### For the Year Ended 30 June 2014

#### 13. INTANGIBLE ASSETS

	Acquired Software	Total
<b>Cost</b>		
Balance at 1 July 2012	154,365	154,365
Additions	338	338
Disposals	-	-
<b>Balance at 30 June 2013</b>	<b>154,703</b>	<b>154,703</b>
Balance 1 July 2013	154,703	154,703
Additions	-	-
Disposals	(54,000)	(54,000)
<b>Balance 30 June 2014</b>	<b>100,703</b>	<b>100,703</b>
<b>Accumulated Amortisation and Impairment Losses</b>		
Balance at 1 July 2012	69,369	69,369
Amortisation Expense	35,500	35,500
Impairment Losses	-	-
Disposals	-	-
<b>Balance at 30 June 2013</b>	<b>104,869</b>	<b>104,869</b>
Balance at 1 July 2013	104,869	104,869
Amortisation Expense	21,556	21,556
Impairment Losses	-	-
Disposals	(47,250)	(47,250)
<b>Balance at 30 June 2014</b>	<b>79,175</b>	<b>79,175</b>
<b>Carrying Amounts</b>		
At 1 July 2012	84,996	84,996
At 30 June and 1 July 2013	49,834	49,834
At 30 June 2014	21,528	21,528

There are no restrictions over the title of the Company's intangible assets; nor are any intangible assets pledged as security for liabilities

# Rotorua Regional Airport Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2014

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### 14. LEASE COMMITMENTS

#### Infrastructural lease commitment

The Company leases its infrastructural assets from Rotorua District Council. The current lease will expire in December 2022, and the Company has right of first refusal for any subsequent airport lease. Lease payments are related to airport revenue and the forecast is for the annual payment amount to grow over time. During the next financial year, the Company is projected to pay \$407,337 (2013: \$459,535) in lease payments to Rotorua District Council (this includes the net development levy payable under the terms of the lease).

#### Height protection lease commitment

Kahikatea trees to the north of the runway threaten compliance with the Civil Aviation Act, therefore a lease payment of \$60,000 plus GST (2013: \$60,000 plus GST) is paid to Ngati Rangiteaorere Kahikatea Trust to ensure the trees are maintained to the required height protection level ensuring the Airport complies with the Civil Aviation Act.

### 15. CAPITAL EXPENDITURE COMMITMENTS

	Actual 2014	Actual 2013
<b>Capital Commitments</b>		
Property, Plant & Equipment	-	44,912
<b>Total Capital Commitments</b>	-	<b>44,912</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

### 16. CONTINGENT ASSETS & LIABILITIES

#### (a) Contingent Assets

The Company has no contingent assets (30 June 2013: \$nil)

#### (b) Contingent Liabilities

The Company has no contingent liabilities (30 June 2013: \$nil)

# Rotorua Regional Airport Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 17. SHAREHOLDERS' EQUITY

#### (a) Capital

These shares have full voting rights and participate fully in all dividends and proceeds upon winding up.

	2014 \$	2013 \$
Paid up Capital	1,000	1,000
<b>Total Issued and Paid up Capital</b>	<u>1,000</u>	<u>1,000</u>

#### (b) Retained Earnings

	2014 \$	2013 \$
Retained Earnings opening balance	(1,050,277)	(1,191,751)
Net Surplus/(Deficit) after tax	(235,468)	141,474
<b>Retained Earnings Closing Balance</b>	<u>(1,285,745)</u>	<u>(1,050,277)</u>

### 18. RESERVES

#### Capital Reserves

Balance at beginning of year	2,974,802	2,974,802
<b>Balance at end of year</b>	<u>2,974,802</u>	<u>2,974,802</u>

### 19. TRADE AND OTHER RECEIVABLES

	2014 \$	2013 \$
Trade debtors	86,241	110,305
Related party receivables	99,675	516,431
Related party network funding receivable	377,886	-
Interest receivables	-	1,326
Prepayments	4,053	4,665
<b>Total</b>	<u>567,855</u>	<u>632,727</u>

### 20. TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
Trade creditors	178,608	617,279
Related party payables	67,807	78,786
Income and rent in advance	10,281	8,851
Year end accruals	29,298	29,575
<b>Total</b>	<u>285,994</u>	<u>734,491</u>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying values of creditors and other payables approximates their fair value.

# Rotorua Regional Airport Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 21. EMPLOYEE ENTITLEMENTS

	2014	2013
	\$	\$
Annual Leave	45,731	50,888
Alternative Leave	4,996	5,710
<b>Total employee entitlements</b>	<u>50,727</u>	<u>56,598</u>

### 22. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events occurred after the balance date.

### 23. PERFORMANCE MEASURES

	<b>2014 Target</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
Total Revenue	2,430,618	2,369,621	2,548,009
Total Expenses	2,412,057	2,605,089	2,406,535
Surplus (deficit) before tax	18,561	(235,468)	141,474
Provision for tax	-	-	-
Surplus (deficit) after tax	18,561	(235,468)	141,474
Term Debt	-	-	-
Total Assets (net current liabilities)	1,802,612	1,690,057	1,925,525
Total Shareholders Funds	1,802,612	1,690,057	1,925,525
<u>Aircraft</u>			
Aircraft Movements	8,500	7,424	7,574
<u>Passengers</u>			
Domestic	191,534	195,961	195,248
International	23,500	19,315	22,297
Total Passengers	<u>215,034</u>	<u>215,276</u>	<u>217,545</u>
Total operating revenue per passenger	\$11.30	\$10.91	\$11.53
Aeronautical revenue per passenger	\$8.40	\$8.12	\$8.64
Commercial revenue per passenger	\$2.90	\$2.79	\$2.89
NPAT per passenger	\$0.09	-\$1.09	\$0.65
Funds to RDC per passenger	\$2.84	\$2.12	\$2.62
Ratio of aeronautical revenue to total revenue	74.33%	73.79%	73.76%

# Rotorua Regional Airport Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 24. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Company's budgeted figures in the 30 June 2014 Statement of Intent are as follows:

#### Total Revenue

Total revenue was down \$60,997 (2.5%) when compared to the Statement of Intent (SOI) budget. The 2.5% reduction in revenue was largely driven by a 16% reduction in Rotorua – Sydney capacity and the consequent 17% reduction in international passengers with the Company proactively working with Air New Zealand to cancel poorly performing winter flights in order to reduce the subsidy paid on these flights. These cancellations have saved Rotorua District Council \$350,000 in subsidy payments. The decision to cancel these flights was only made after the finalisation of the SOI and consequently not incorporated within its revenue targets.

Overall domestic passengers were slightly higher (2.3%) when compared to the budget, largely driven off strong results on Auckland – Rotorua with passengers on this sector up 15% on the prior year. International and domestic numbers are the key driver of the Airport's revenue with a direct correlation between them and landing charges revenue, development levy revenue, retail revenue shares and car parking revenue.

#### Total Expenses

Actual expenses increased by \$193,032 or 8% when compared to the SOI budget. This large increase was mainly due to tree trimming and removal costs arising out of the 5 yearly flight path obstruction survey (\$200,000) together with the Company paying the full costs of runway insurance (\$90,000) whereas previously these costs had been paid by Rotorua District Council. When the SOI was completed, it was based on the understanding that Rotorua District Council, as the owner of the Airport's infrastructural assets, would be paying for these costs as they had historically, and as such these costs were not included in the Company's forecast. However, as these costs are operational expenses, the Company has agreed to pay for these in the 2014 and future financial years. Looking forward, the Company expects future tree trimming and insurance costs to be significantly lower than this financial year now that the Company has full accountability over these costs.

#### Total Assets (net current liabilities)/Total Shareholders Funds

The ratio between Total Assets and Total Shareholder Funds remained at 100%

### 25. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments in each of the NZ IAS 39 categories are as follows:

	2014	2013
	\$	\$
<b><u>Loans and receivables</u></b>		
Cash and cash equivalents	464,200	1,257,639
Trade and other receivables	563,802	628,062
<b>Total</b>	<u>1,028,002</u>	<u>1,885,701</u>
<b><u>Financial liabilities at amortised cost</u></b>		
Trade and other payables	275,713	725,640
<b>Total</b>	<u>275,713</u>	<u>725,640</u>

