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NELSON AIRPORT
ANNUAL REPORT 2015



**NELSON
AIRPORT**



DIRECTORY

DIRECTORS

Paul Steere (Chair)

Paul McGuinness (Deputy Chair)

Matthew Clarke

Catherine Taylor

Judene Edgar

REGISTERED OFFICE

Nelson Regional Airport
Airport Terminal
Trent Drive
P O Box 1598
Nelson 7040

Telephone 03-547-3199
Facsimile 03-547-3194
Email office@nelsonairport.co.nz

CHIEF EXECUTIVE

Kaye McNabb (Retired 19 December 2014)

Robert Evans (Appointed 9 February 2015)

MANAGERS

Operations: James Middlewick

Commercial: Simon Orr

AUDITOR

Audit New Zealand on behalf of the Auditor-General

BANKERS

Westpac Banking Corporation

SOLICITORS

Pitt & Moore



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OUR BOARD

DIRECTORS



Paul Steere
(Chair)



Paul McGuinness
(Deputy Chair)



Matthew Clarke



Catherine Taylor



Judene Edgar

OUR STAFF



Robert Evans
Chief Executive

“...none of this is possible without the passion, enthusiasm, professionalism, and innovation from the dedicated team we rely on.”

AIRPORT MANAGEMENT



Jennie, Sally, Simon, Rob, Karen, James, Ruth

AIRPORT SECURITY



Sam, Neville, Jas, Wayne, Simon



DIRECTORS'/CEO'S REPORT

FOR THE YEAR ENDED 30 JUNE 2015

OVERVIEW

In a year of key changes and building capability for a phase of strong growth, Nelson Airport Limited continued to perform well financially, improving its ordinary dividend to shareholders and delivering a passenger growth profile in line with forecasts.

After years of little competitive activity, three new carriers have indicated potential operations for the 15/16 year.

The retirement of long serving Chief Executive, Mrs Kaye McNabb in December 2014 and the appointment of Robert Evans as the new Chief Executive in February 2015.

Progress was achieved in the upgrading of our terminal requirements and allied parking precincts with the appointment of key designers and associated consultants.

Air New Zealand reaffirmed their commitment and importance to Nelson with the announcement of Air New Zealand Regional Maintenance.

A thorough review of the Company's future strategic requirements and consequent plans was undertaken in the first stage of a process to meet the growth & future capacity and ensure all stakeholders receive beneficial results from our activities.

DIRECTORS'/CEO'S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

FINANCIAL

Nelson Airport Limited is pleased to report a profit after taxation of \$1.6m, slightly up on the previous year and net profit before tax ahead of budget.

- Revenue streams were again up in all sectors and 3% overall in line with expected passenger/flight volumes.
- Operating costs rose 6.5% largely involving Repairs and Maintenance including safe-proofing the large west facing windows in the terminal along with some additional staff costs for more specialist requirements than in previous years.
- Administration costs were up 3% and included additional one off charges arising from the recruitment of a new Chief Executive.

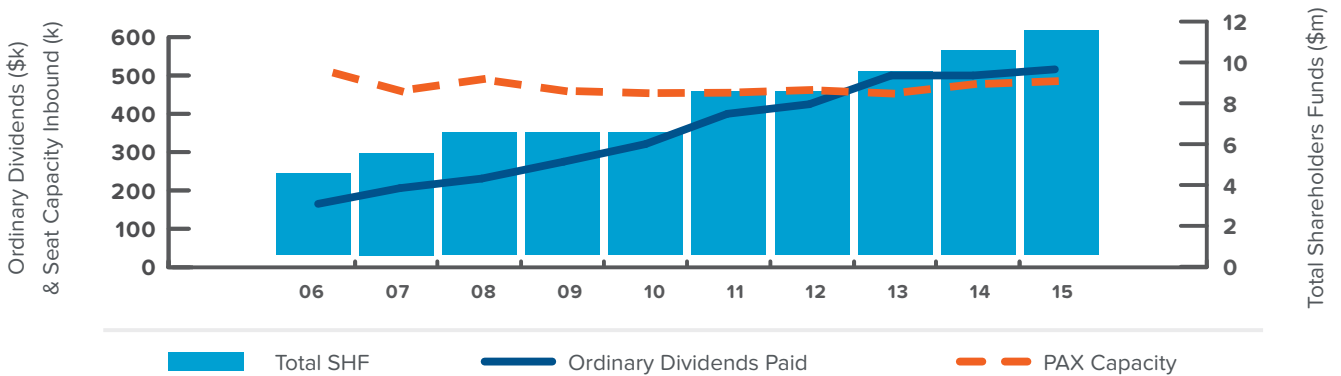
- Conversely the re-negotiation of insurance arrangements has delivered savings despite improved cover.
- The other significant impact arose from the strategic decision to repay external loans and terminate the loan facility, given the confidence that similar loans could be secured when needed and this reduced interest costs by 46%.
- Interest revenue and depreciation were similar to the previous year as intended capital works were deferred while the overall wider strategic review was completed.

EBITDA (Earnings before interest, taxation, depreciation and amortisation) at \$2.9m was held at last year's level while profit before taxation was up 2.7%.

Against our Statement of Intent for the year we were 28% up on our net profit after tax and able to declare and pay another record ordinary dividend.

In the coming year we see the end of our five year Landing Charges period and will be seeking fair and reasonable compensation for our investment, costs and productivity in line with the applicable standard and best practice for these charges.

Total Shareholders Funds, Ordinary Dividends, and Inbound Seat Capacity



DIRECTORS’/CEO’S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

OTHER REVENUE

After landing charges and property rentals, ground transport operations provide the third largest revenue stream. We had hoped to progress the build work planned for extending the number of car parks available and replace the electronic pay stations during the year. This work is however closely aligned with the terminal redevelopment and will be integrated with the terminal planning stages. It is likely that some short term parking expansion and equipment upgrades will be addressed this summer to accommodate current demand.

AVIATION ACTIVITY

The year saw modest growth in passenger numbers with our main carrier utilising the efficiencies of the 40% larger capacity of the ATR configurations, compared to the Q300. While passenger levels, at 746,109, were relatively flat, the additional requirements for turbo prop engineering and maintenance saw the Nelson operations set up as a subsidiary, as Air

“Nelson has high levels of commuting business traffic along with visiting friends and relatives compared to other regional airports.”

New Zealand Regional Maintenance. Plans were announced for continued expansion of this facility which provides strong economic value for the region and growth in specialised high value employment. That expansion will include capacity for the maintenance of turbo prop fleets from foreign airlines in the Asia Pacific region.

The business has established systems to track and analyse passenger levels with more detail. Income per passenger has been established as a key performance indicator and will be targeted and carefully monitored going forward. Forecast total passenger throughput for the 2015/16 year is 815,000.

While Nelson is an important airport for regional carriers and has the highest number of passengers for any domestic airport, our surveys and analyses suggest we have a low proportion of tourists, especially overseas tourists as many of these arrive in Nelson by road. Nelson has high levels of commuting business traffic along with visiting friends and relatives compared to other regional airports. We did receive a reasonable tourism lift during the Cricket World Cup which underpins the premise that the tourist sector is a target for the future and we will continue to work closely with Nelson Tasman Tourism, Tourism New Zealand and the inbound carriers to meet that target.

A year ago we noted the challenges involved for carriers trying to sustain regional routes. During the year Air New Zealand rationalised its regional network, terminating its routes on low density destinations retiring its smaller and aging Beech 1900 aircraft. It is pleasing to see other carriers look to not only fill that void but initiate new routes through Nelson. Sounds Air has commenced a new return service to Paraparaumu Airport;

Originair is starting a return Palmerston North service supplemented by a limited service to Wellington; and Kiwi Regional Airlines has indicated a daily service to both Dunedin & Hamilton. Along with Jetstar’s announcement to enter the New Zealand regional market with a fleet of five Q300 aircraft, with Nelson one of the potential airports, the outlook for the 15/16 year is very positive. These are important developments not only to improve connectivity between regions but also add the competitive dynamics that can stimulate growth.

For general aviation, Nelson continues as a popular airport with landings up 4% for the year. We continue to field many enquiries for hangarage, while accepting that decision making on such investments from new entrants to the region takes time. As part of our provision to expand hangarage we have invested in a new modern hangar to ensure that we can offer requisite value facilities to our customers.

OUR ROUTES AND AIRLINE PARTNERS

AUCKLAND

60 Flights per week



WELLINGTON

87 Flights per week



PARAPARAUMU

17 Flights per week



CHRISTCHURCH

41 Flights per week



DIRECTORS'/CEO'S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

INFRASTRUCTURE

The grip performance of our main runway was enhanced with a successful, significant one-off rubber removal exercise conducted over several nights. Runway markings were also repainted. Traffic calming measures were introduced outside the main terminal entrance to slow traffic and increase safety. Ultra Fast Broadband is now available terminal wide over fibre optic cable. A temporary regional airline check-in and baggage handling facility is required to cater for new airlines and this project was well underway at year end. Construction completion and commissioning of this facility was completed in August 2015. Our closed circuit television network was upgraded, delivering new standards of safety and security.



“The creation of a delineated, sheltered smoking area along from the terminal main entrance is another step towards making the rest of the airport smoke-free.”

STRATEGIC DEVELOPMENT

Given key personnel changes during the year, the board and management undertook a major review of the strategic imperatives for the company and the consequences of that for our 2035 Masterplan and Business Plan.

KEY THEMES WHICH HAVE BEEN IDENTIFIED ARE THOSE OF:

- Building improved customer relationships
- Developing visionary infrastructure plans
- Diversifying revenue mix and increasing returns
- Fostering a culture of operational flexibility and efficiency
- Improving engagement with our people and stakeholders

WITHIN THIS WE HAVE DETERMINED KEY AREAS OF STRATEGIC IMPORTANCE THAT THE BUSINESS WILL FOCUS ON:

- Customers and Revenue
- Environment and Operations
- Infrastructure and Assets
- People and Corporate Services

We have rebranded our company and the new elements are clearly set out within this report. They represent what we want to be and how we fit with the region, the nation and the world.

We have upgraded our website interface and joined the social media platform of Facebook, to communicate and inform the new generation of customers to the airport.

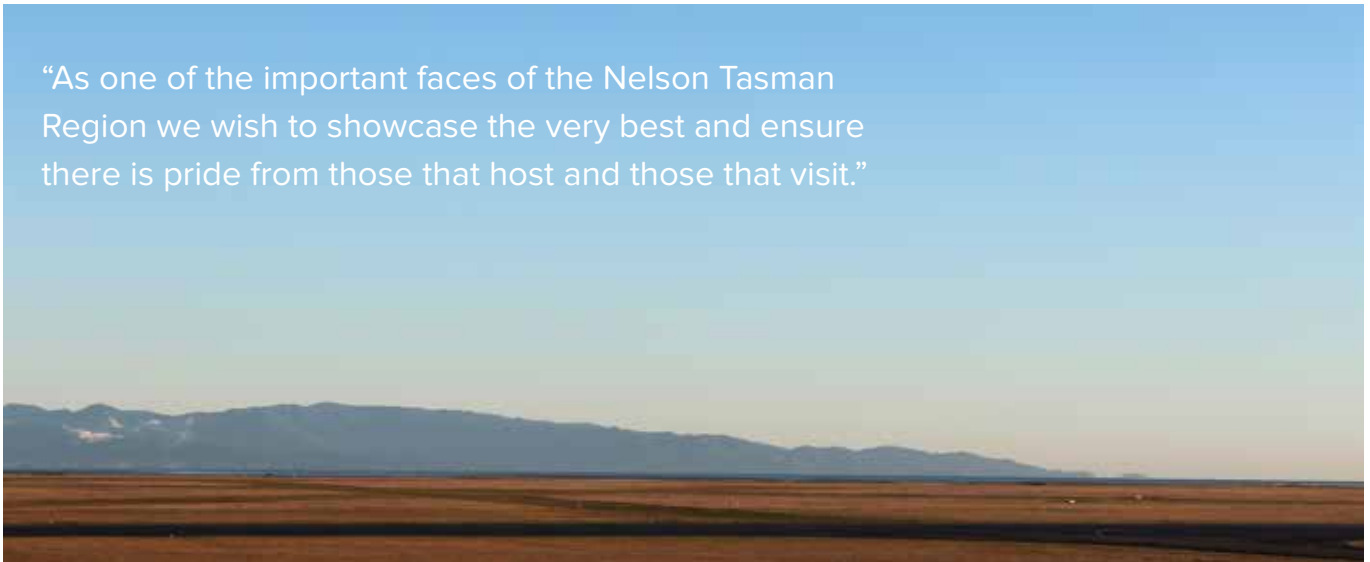
As one of the important faces of the Nelson Tasman Region we wish to showcase the very best and ensure there is pride from those that host and those that visit.



DIRECTORS'/CEO'S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

“As one of the important faces of the Nelson Tasman Region we wish to showcase the very best and ensure there is pride from those that host and those that visit.”



ENVIRONMENTAL

The airport solar system continues to perform well, contributing to lower running costs. The recycling programme at the airport continues to be developed and the year saw some new recycling stations and a significant airport tenant joining the programme. The creation of a delineated, sheltered smoking area along from the terminal main entrance is another step towards making the rest of the airport smoke-free, which will happen in the 2015/16 year.

The airport continues to be actively engaged with the local community on noise management via the Nelson Airport Noise Environment Advisory Committee and noise levels remain within the allowable thresholds. Again the airport coordinated the “Big Beach Cleanup” around the airport peninsula with the Department of Conservation and volunteers.

The programme to install low energy LED light fittings in response to the attrition of lighting infrastructure both inside and outside continues. The company is monitoring the effects of coastal erosion on the western side of the airfield.

Planning for a new terminal provides the exciting opportunity to incorporate best practice in environmental design and performance.

HEALTH & SAFETY

Although we have a small staff we have a significant number of people using our facilities and a wide range of potential risks to people, some of which are unique. We obtained an independent audit review of our Health and Safety policies and procedures during the year, and save for some minor process suggestions we have good controls and more importantly understandings. Our staff, more particularly our Customer Service

Officers, are called on to assist passengers and visitors on a continual 365 day basis and we are pleased that these ‘front line officers’ are excellent in fulfilling their roles and receive many unsolicited accolades.

During the year we implemented a new Safety and Security monitoring, reporting and management system to which all staff have direct access. We had no lost time injuries during the year and our target remains for no serious harm injuries.

Some recent media commentary on the earthquake risk of the Terminal was incomplete. As we have previously reported, the terminal is above the rating standard required for this public facility and the Government’s standards.



DIRECTORS'/CEO'S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015



“We are confident of a year of value growth, to ensure the company meets the needs of our stakeholders and the region.”

STATEMENT OF INTENT

We are pleased to report positively on achievement of our objectives in the Statement of Intent for the year as outlined on the following pages.

PEOPLE

It has been a busy year – a year of change and demanding challenges. We are progressing well and remain at the forefront of regional airports according to external users. None of this is possible without the dedicated team we rely on. Their passion, enthusiasm, professionalism and innovation is very much appreciated by the board and our shareholders. Thank you and may it continue.

Similarly our key relationships continue to grow and are strong in their support as we recognise and appreciate the value of the two Council shareholders; Air New Zealand and Air New Zealand Regional Maintenance; Sounds Air; our car rental partners; Spotless NZ (The Café); Helicopters New Zealand; Air2there; Civil Aviation Authority; Airways Corporation; Rescue Helicopters; the flying schools and all our airline and commercial partners.

OUTLOOK

We know it will be a busy year ahead with the commencement of new carriers and the consequent overall growth. The year will see critical progress being made on the development of the Terminal and parking precincts, and the review of landing charges. It will require significant effort to facilitate those major strategic projects and to manage other projects in house, that previously may have been commissioned to third parties.

We are confident of a year of value growth to ensure the company meets the needs of our stakeholders and the region.

Robert Evans
Chief Executive Officer

Paul Steere
Chairman



KEY RELATIONSHIPS

“...we recognise and appreciate the value of the two Council shareholders; Air New Zealand and Air New Zealand Regional Maintenance; Sounds Air; our car rental partners; Spotless NZ (The Café); Helicopters New Zealand; Civil Aviation Authority; Airways Corporation; Rescue Helicopters; Air2there the flying schools and all our airline and commercial partners.”



INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Nelson Airport Limited's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Nelson Airport Limited (the company). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the company on her behalf.

OPINION ON THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

WE HAVE AUDITED:

- the financial statements of the company on pages 17 to 33, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 12 to 13.

IN OUR OPINION:

- The financial statements of the company:
 - + present fairly, in all material respects:
 - + its financial position as at 30 June 2015; and
 - + its financial performance and cash flows for the year then ended; and
 - + comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements.

- The performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended on 30 June 2015.

Our audit was completed on 3 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

INDEPENDENT AUDITOR'S REPORT CONTINUED

AN AUDIT ALSO INVOLVES EVALUATING:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

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

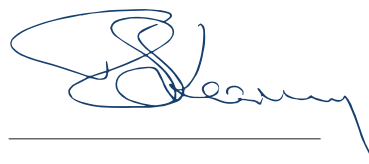
RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



NELSON AIRPORT SERVICE PERFORMANCE REPORT 2014/15

INCREASE ECONOMIC RETURNS

Achieve Financial Performance Targets.

See Financial Table (opposite)

Increase car parking revenue post completion of the car park redevelopment in line with financial performance targets.

Financial target for Parking Revenue exceeded (Above Budget by 2.7%). The Carpark Redevelopment Project has been rephased pending confirmation of the basic design and footprint of the redeveloped Terminal. Temporary overflow option implemented for Carpark 2 has delivered some revenue upside.

INFRASTRUCTURE DEVELOPMENT

Complete the construction and commissioning of the new terminal access and car park extension during the 2014/15 Financial Year.

The Terminal Access Project and Carpark Redevelopment Project have been rephased pending confirmation of the basic design and the footprint of redeveloped Terminal.

Review five year financial forecast, including developments, at least annually.

The Five Year Financial Forecast, including developments, was reviewed in November 2014, January 2015 and again in June 2015.

BUSINESS DIVERSIFICATION AND DEVELOPMENT

Exploit opportunities for business diversification and development.

Commencement of a number of initiatives that will deliver additional revenue including upgrades to the airport cafe, improved advertising contract terms and expressions of interest received to establish a service station on Airport land.

OPERATIONS, SAFETY AND COMPLIANCE

Pass all Civil Aviation Authority certification audits with no findings and fully consider any recommendations.

CAA Audits passed with no findings. Recommendations implemented where practical.

Complete essential works (if any) on the terminal as identified in the seismic engineering report.

No essential works identified to be completed in the 2014/15 year.

Facilitate regular airport security meetings to ensure compliance with aviation security requirements.

Regional Security Meeting held annually. Aviation security requirements fully met.

Continue to work with the appropriate authorities to ensure an appropriate level of management is achieved in respect of the birdstrike risk in the vicinity of the airport.

Firearms policy revised in coordination with Nelson Police. A new initiative employing remote controlled gas powered bird scaring guns has been implemented by the Airport. There has been positive support from Airways for this initiative.

STRONG, EFFECTIVE RELATIONSHIPS

Measure and report on “good employer” key indicators.

No Personal Grievances taken. One senior staff member retired at aged 65 and one other staff member moved from the district.

Maintain a safe working environment for employees.

All staff linked to GOSH Safety and Security system. Nil lost time injuries and nil medical treatments.

ENVIRONMENT, SUSTAINABILITY AND COMMUNITY

Facilitate regular meetings of the Nelson Airport Noise Environment Advisory Committee (NANEAC) and provide this Committee with appropriate monitoring data, advice and information.

Regular meetings setup. Monitoring information and data provided to Committee members prior to meeting dates.

Comply with The Noise Management Plan noise level requirements.

Fully complied.

NELSON AIRPORT SERVICE PERFORMANCE REPORT 2014/15 CONTINUED

FINANCIAL PERFORMANCE

	Forecast 2014/2015 \$000's	Actual 2014/2015 \$000's	Achievement
Gross Revenue	5,234	5,247	Target achieved.
Operating Expenditure	(3,369)	(3,167)	Target achieved. 6% cost reduction.
Net Financing Income/(Cost)*	(169)	81	Target achieved. Retirement of long term debt facility and rescheduling of Capital Expenditure.
Profit Before Taxation	1,698	2,161	Target achieved. 28% above target.
Tax Expense	(475)	(605)	
Net Profit	1,221	1,556	Target achieved. 28% above target.
Retained Earnings	8,992	9,466	
Dividend	(509)	(516)	Target achieved.
Net Retained Earnings	8,483	8,950	
Total Equity Issued	2,400	2,400	
Closing Shareholders Funds	10,884	11,350	Target achieved. 4% above target.
EBITDA	2,675	2,798	Target achieved. 2% above target.

*Net financing cost actual includes \$5.3k Line of Credit Charge related to the long term loan facility retired during the year. This is in line with how the Statement of Intent target was set.

Note: The **Forecast** included in the Statement of Intent (Sol) and the **Budget** included in the Statement of Comprehensive Income are prepared at different times in the lead up to the financial year. The Forecast for the Sol is provided ahead of the Budget figure. The Budget figure being further worked, finalised and formally approved by the Board by 30 June 2014. Profit before Tax as per Budget is \$1.866m vs. the \$1.698m in the Sol.





ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The Directors have pleasure in presenting to the shareholders the Annual Report and audited financial statements of Nelson Airport Limited for the year ended 30 June 2015.

PRINCIPAL OBJECTIVE

Operate as a successful airport operating company.

DIRECTORS HOLDING OFFICE IN THE YEAR REMUNERATION

Paul Steere (Chair)	\$25,986
Paul McGuinness (Deputy Chair).....	\$15,720
Matthew Clarke.....	\$14,696
Catherine Taylor	\$14,696
Judene Edgar	\$14,696

REGISTER OF INTERESTS DIRECTORS AND OFFICERS

Entries in the interest register during the year include:

DIRECTOR – PAUL STEERE, CHAIRMAN

Interests:

The New Zealand King Salmon Co Limited – Director
New Zealand King Salmon Investments Limited – Director
The New Zealand King Salmon (Australia) Limited – Director
Regal Salmon Limited – Director
The New Zealand Red Cross Inc – Vice President
The New Zealand Red Cross Inc – Trustee
Nelson Marlborough Institute of Technology (NMIT) – Councillor
Clean Seas Limited – (Chairman), Listed on the Australian Stock Exchange
Kaynemaile Limited – Director
Allan Scott Wines & Estates Limited – (Chairman)
Southern Ocean Seafoods Limited – Director
NZKS Custodian Limited – Director
MacCure Seafoods Limited – Director
King Salmon Limited – Director
Ora King Limited – Director
Southern Ocean Salmon Limited – Director
Southern Ocean Processors Limited – Director
Nelson Golf Club – Director

DIRECTOR – PAUL MCGUINNESS, DEPUTY CHAIRMAN

Interests:

Tima Holdings Limited – Director
Tima Consulting Limited – Director
Matiri Associates Limited – Director
Big Brothers Big Sisters of New Zealand – Trustee

DIRECTOR – MATTHEW CLARKE

Interests:

Wellington International Airport Limited – Chief Commercial Officer
Wellington Regional Economic Development Agency - Director
Red Wine Properties Limited – Director and Shareholder
Grow Wellington Limited - Director

DIRECTOR – CATHERINE TAYLOR

Interests:

Life Flight Trust – Chairperson
Building Practitioners Board – Member
Biosecurity Ministerial Advisory Committee – Member

DIRECTOR – JUDENE EDGAR

Interests:

Nelson Bays Primary Health Trust – Board Member
Cawthron Institute Trust Board – Secretary
Thomas Cawthron Charitable Trust – Secretary
Tasman District Council – Councillor
Tasman Regional Sports Events Trust – Trustee
Tasman Fundraising and Development Limited – Director and Shareholder
David Verhagen Consulting Limited – Director & Shareholder
Mayoral Relief Fund Tasman / Nelson – Trustee



BOARD ATTENDANCE

BOARD ATTENDANCE LEVELS DURING THE YEAR WERE AS FOLLOWS;

Director	Position	Tenure	Meetings Attended	Of a possible
M Clarke	Director	Full Year	11	11
J Edgar	Director	Full Year	9	11
P McGuinness	Deputy Chair	Full Year	11	11
P Steere	Chair	Full Year	11	11
C Taylor	Director	Full Year	10	11

ACTIVE COMMITTEES

Committee	Composition	Meetings Held
Audit Committee	Board Members	3
Nelson Airport Noise Environment Advisory Committee	2 x Resident Reps, 1 x Nelson Airport Ltd Director, 1 x Nelson Airport Ltd Management Rep, 1 x Air NZ Rep, 1 x Helicopters Users Rep, 1 x Airport Other Users Rep, 1 x Airways Corporation Ltd Rep, 1 x Nelson City Council Rep.	4

EMPLOYEE REMUNERATION

The number of employees or former employees who received remuneration and other benefits of \$100,000 or more for the year ended 30 June 2015 was as follows:

Remuneration	Number of Employees
\$120,001 - \$130,000	1

DONATIONS

Donations paid during the year were \$347 (2014: Nil).

For and on Behalf of the Board

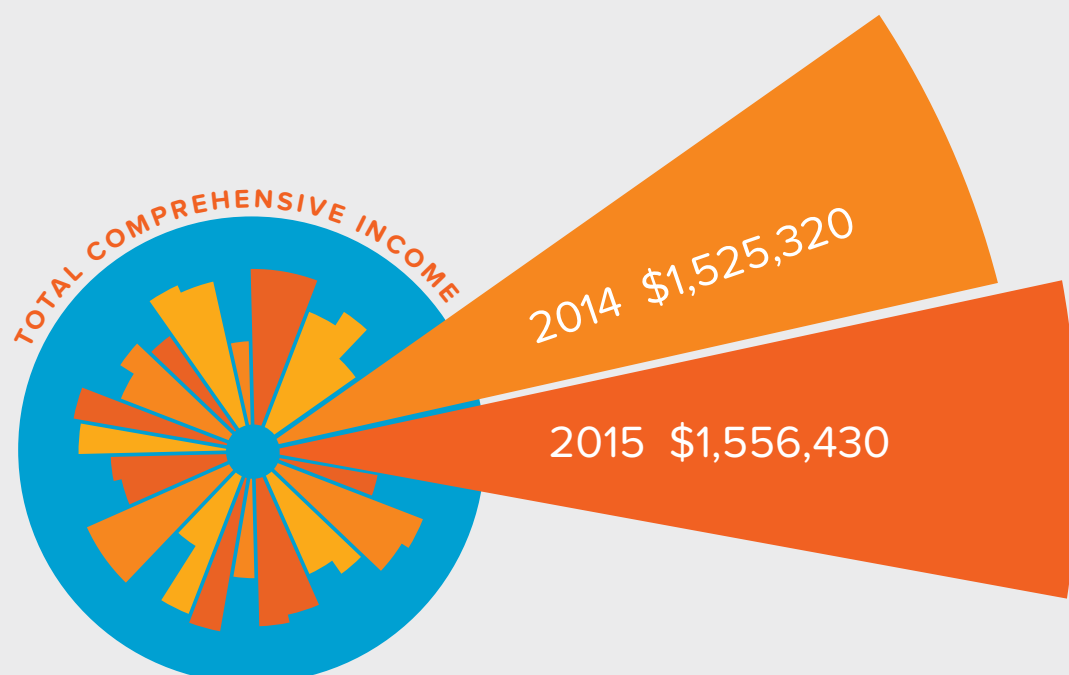
Paul Steere
Chair

Paul McGuinness
Deputy Chair

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Budget	2015	2014
Revenue	2	5,199,565	5,246,808	5,090,422
Operating costs	3	2,475,437	2,283,601	2,144,182
Administration expenses	3	789,909	888,216	856,129
		3,265,346	3,171,818	3,000,311
Operating Profit		1,934,219	2,074,990	2,090,111
Interest Revenue		90,779	156,345	158,651
Interest Expenditure		(159,000)	(70,120)	(129,781)
Net Financing Income		(68,221)	86,225	28,870
Gain on Sale of Fixed Assets		-	40	-
Investing Income		-	40	-
Profit before Tax		1,865,998	2,161,256	2,118,981
Income tax expense	4		604,826	593,661
Profit after Tax			1,556,430	1,525,320
Other Comprehensive Income			-	-
Total Comprehensive Income			1,556,430	1,525,320

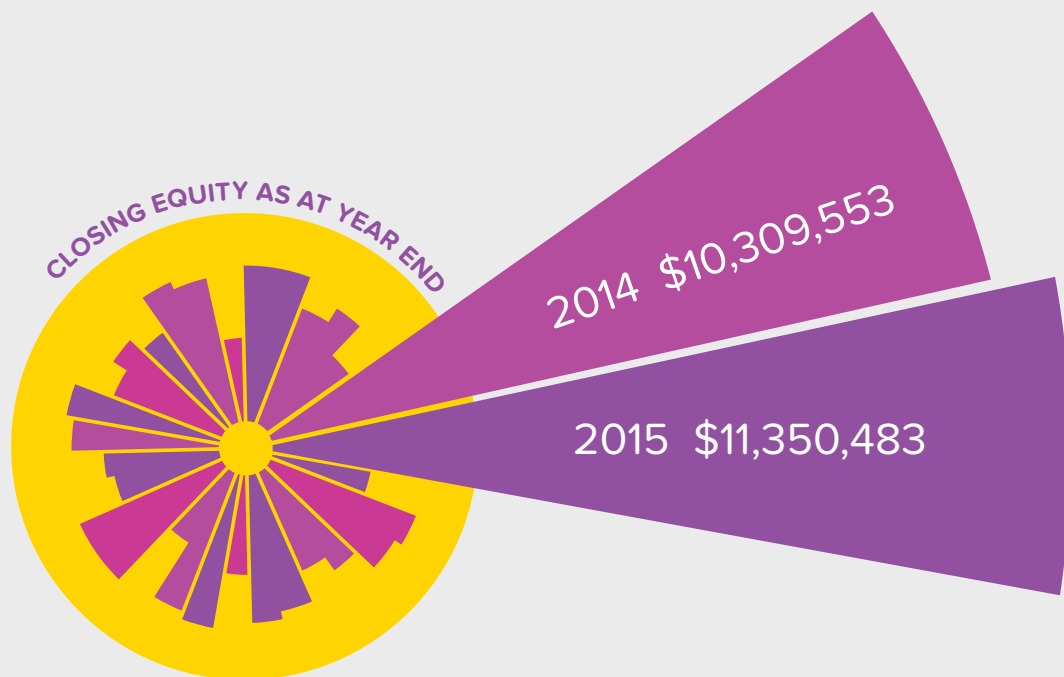




STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
Opening Retained Earnings		7,909,553	7,034,233
Total Comprehensive Income for the Year		1,556,430	1,525,320
Distributions to Equity Holders	10	(515,500)	(650,000)
Retained Earnings as at Year End		8,950,483	7,909,553
Share Capital	10	2,400,000	2,400,000
Closing Equity as at Year End		11,350,483	10,309,553



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015	2014
Assets			
Current Assets			
Trade and Other Receivables	7	667,701	628,642
Cash and Cash Equivalents	8	656,557	1,095,247
Other Financial Assets	9	2,300,000	3,584,756
Total Current Assets		3,624,258	5,308,645
Non Current Assets			
Property, Plant and Equipment	5	9,535,452	9,282,875
Intangible Assets	6	5,331	8,418
Total Non Current Assets		9,540,783	9,291,293
Total Assets		13,165,041	14,599,938
Liabilities			
Current Liabilities			
Trade and Other Payables	12	899,812	317,655
Current Income Tax Liability		202,351	177,531
Employee Entitlements		70,923	86,421
Interest Bearing Loans	11	1,892	3,001,604
Total Current Liabilities		1,174,978	3,583,211
Non Current Liabilities			
Deferred Tax	4	639,579	705,282
Interest Bearing Loans	11	-	1,892
Total Non Current Liabilities		639,579	707,174
Total Liabilities		1,814,557	4,290,385
Net Assets		11,350,483	10,309,553
Equity			
Issued Share Capital	10	2,400,000	2,400,000
Retained Earnings		8,950,483	7,909,553
Total Equity		11,350,483	10,309,553

For and on behalf of the Board



Paul Steere
Chair
3 September 2015



Paul McGuinness
Deputy Chair
3 September 2015

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from airport users		5,189,206	5,075,892
Interest received		172,532	155,466
		<u>5,361,738</u>	<u>5,231,358</u>
Cash was disbursed to:			
Payments to suppliers and employees		(2,525,445)	(2,309,803)
Interest paid		(70,120)	(128,702)
Income tax paid		(645,715)	(698,870)
Net GST Movement		8,239	(31,169)
		<u>(3,233,041)</u>	<u>(3,168,544)</u>
Net Cash Flows from Operating Activities	13	2,128,698	2,062,814
Cash Flows from Investing Activities			
Cash was provided from:			
Decrease in term deposit/other financial assets	9	3,584,756	2,587,928
Sale of property, plant & equipment		158	-
		<u>3,584,914</u>	<u>2,587,928</u>
Cash was disbursed to:			
Increase in term deposit/other financial assets		(2,300,000)	(3,648,122)
Purchase of property, plant & equipment		(850,354)	(498,424)
Purchase of Intangible Assets		(344)	(10,815)
		<u>(3,150,698)</u>	<u>(4,157,361)</u>
Net Cash Flow from Investing Activities		434,216	(1,569,433)
Cash Flows from Financing Activities			
Cash was provided from:			
		-	-
		-	-
Cash was disbursed to:			
Dividends paid	10	-	(650,000)
Decrease in term loans		(3,001,604)	(1,487)
		<u>(3,001,604)</u>	<u>(651,487)</u>
Net Cash Flow from Financing Activities		(3,001,604)	(651,487)
Net increase/(decrease) in cash and cash equivalents		(438,691)	(158,106)
Opening cash and cash equivalents		1,095,248	1,253,353
Closing cash and cash equivalents		<u>656,557</u>	<u>1,095,247</u>

The Statement of Accounting Policies and Notes form an integral part of and should be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1 – STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Nelson Airport Limited (The Company) is an Airport Company pursuant to Section 3 of the Airport Authorities Act 1996 and is a Council Controlled Trading Organisation under Section 6 of the Local Government Act 2002. The Company is registered under the Companies Act 1993.

Nelson Airport Limited operates and manages the Nelson Regional Airport. The major activities are the provision of facilities for aircraft landing and servicing, and the airline and landside processing of passengers and freight to and from the aircraft.

The shares in Nelson Airport Limited are held by both Tasman District Council (50%) and Nelson City Council (50%). Neither of these entities has the ultimate control over Nelson Airport Limited.

The financial statements for Nelson Airport Limited are for the year ended 30 June 2015. The financial statements were authorised for issue by Nelson Airport Limited on 3 September 2015.

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand as required by the Companies Act 1993. The Company complies with Parts 3 and 4 of the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

Nelson Airport Limited is a reporting entity preparing general purpose financial statements. It has elected to adopt the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) – Reduced Disclosure Regime (RDR), which allows this entity to adopt the reduced disclosure requirements of the For-Profit Accounting Standards. (i.e. the company is a Tier 2 entity as issued by New Zealand External Reporting Board (XRB)) on the basis it is a non-large for-profit public sector entity.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

MEASUREMENT BASE

The financial statements are presented in New Zealand dollars. The financial statements are prepared on an historical cost basis with the exception of financial instruments.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

OPERATING SEGMENTS

As the Company operates in one industry and geographic segment no change in disclosure has been implemented.

SIGNIFICANT ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

DISPOSALS

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the profit or loss.

SUBSEQUENT COSTS

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred, if it is probable that the future economic benefits embodied in the item will flow to the Company and the cost of that item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

DEPRECIATION

The depreciable amount of an asset is determined based on its useful life. Management estimates the following rates and methods of depreciation to reflect the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

These rates reflect the range applied to various assets within their categorisations:

Land Improvements	Reticulation, minor structures and signage	3.6% Straight line 8.0% - 30.0% Diminishing value
Airfield	Runways, taxiways and aprons	2.5% - 50.0% Straight line 4.0% - 30.0% Diminishing value
Buildings	Terminal and hangars	1.6% - 33.3% Straight line 8.0% - 20.0% Diminishing value
Infrastructure assets	Car parks, roads, water supply, storm-water and waste disposal	1.5% - 20.0% Straight line 7.5% - 30.0% Diminishing value
Equipment	Parking meters, security and vehicles	6.7% - 21.0% Straight line 8.4% - 67.0% Diminishing value
Fixtures and fittings	Furniture, computers, and fittings	5.0% - 12.6% Straight line 10.0% - 80.4% Diminishing value

The residual value, useful lives and depreciation rates of assets are reassessed annually. The above rates have been adjusted to reflect amounts used in the fixed asset register.

Capital work in progress is not depreciated. The total cost is transferred to the relevant asset category on the completion of the project and then depreciated.

IMPAIRMENT OF NON-CURRENT ASSETS

The carrying amounts of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated.

If the estimated recoverable value amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount, and an impairment loss is recognised in the profit or loss.

Recoverable amount is the higher of the fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and discounting these to their present value using a pre-tax discount rate that reflects the current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised to the extent that an impairment loss for that asset was previously recognised in the profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

INTANGIBLE ASSETS

SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

AMORTISATION

The carrying amount of an intangible asset with a finite life is amortised on a diminishing value basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the profit or loss.

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

Computer Software..... 48.0% - 50% DV

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially stated at fair value and subsequently stated at their amortised cost using the effective interest method less impairment losses. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the expected future cash flows discounted using the effective interest method.

OTHER FINANCIAL ASSETS

Term investments over 90 days are classified as "other financial assets". They are initially measured at fair value, net of transaction costs. After initial recognition, financial assets in this category are measured at amortised cost using the effective investment method, less impairment. Gains and losses when the asset is impaired are recognised in the profit or loss.

SHARE CAPITAL

ORDINARY SHARES

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of issue.

INTEREST BEARING BORROWINGS

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset which is determined to be an asset that takes a period of greater than one year to get ready for its intended use are capitalised as part of the cost of the asset.

EMPLOYEE ENTITLEMENTS

A liability for annual leave is accrued and recognised in the Statement of Financial Position. The liability is calculated on an actual entitlements basis at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to but not yet taken up to balance date.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

REVENUE

LANDING CHARGES

Landing charges are recognised in the profit or loss in the period in which they are earned.

LEASES

The Company leases certain buildings and properties. As the Company retains substantially all the risks and benefits of ownership these are treated as operating leases. Lease income is recognised in the profit or loss on a straight line basis over the term of the lease.

CAR PARKING FEES

Car Parking fees are recognised in the profit or loss on a cash received basis.

INTEREST REVENUE

Interest income is recognised using the effective interest method.

EXPENSES

NET FINANCING COSTS

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested as it accrues.

DIVIDENDS

Dividends are recognised when the shareholder's right to receive payment is established.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

INCOME TAX

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to the income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity and other comprehensive income.

GOODS AND SERVICES TAX (GST)

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 (IRD) is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified within operating cash flow in the Statement of Cash Flows.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

2 – OPERATING INCOME

	2015	2014
Landing Charges	2,543,084	2,493,940
Terminal Leases	564,016	563,668
Building and Ground Lease	1,106,065	1,081,767
Car Parking Charges	1,014,233	933,367
Sundry Income	19,410	17,680
	5,246,808	5,090,422

3 – EXPENSES

A) OPERATING COSTS

	2015	2014
Depreciation	634,026	653,672
Amortisation of Intangible Assets	3,432	2,444
Employee Entitlements	654,973	627,261
Other Operating Expenses	990,421	846,856
Loss on Disposal of Fixed Assets	749	13,949
	2,283,601	2,144,182

B) ADMINISTRATION COSTS

	2015	2014
Auditors Remuneration	25,538	25,268
Directors' Fees	85,795	84,082
Provision for Impairment of Trade Receivables	2,147	186
Other Administration Expenses	774,736	746,593
	888,216	856,129

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

4 – INCOME TAX

COMPONENTS OF INCOME TAX EXPENSE

	2015	2014
Current Tax Expense	670,529	668,824
Deferred Tax Expense	(65,703)	(75,163)
	604,826	593,661

RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

	2015	2014
Operating Profit Before Taxation	2,161,256	2,118,981
Prima Facie Tax @ 28%	605,152	593,315
Adjustment for Timing & Taxation Differences	65,377	75,509
Adjustments for Deferred Tax	7,595	(2,669)
Adjustment for Deferred Tax - Building Depreciation	(73,298)	(72,494)
Income Tax Expense	604,826	593,661

DEFERRED TAX

	2015	2014
Property Plant and Equipment		
Opening Balance	(720,249)	(792,743)
Charged to Profit & Loss	73,298	72,494
Closing Balance	(646,951)	(720,249)
Employee Entitlements		
Opening Balance	13,746	12,298
Charged to Profit & Loss	(7,527)	1,448
Closing Balance	6,219	13,746
Other Provisions		
Opening Balance	1,221	-
Charged to Profit & Loss	(68)	1,221
Closing Balance	1,153	1,221
Total	(639,579)	(705,282)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

5 – PROPERTY PLANT AND EQUIPMENT

2015	Original Cost	Opening Accum Depn	Opening WDV	Additions	Disposals	Depn	Closing WDV
Land & Improvements	699,598	1,808	697,790	4,457	-	1,143	701,104
Airfield Infrastructure	5,724,634	1,594,706	4,129,928	-	-	270,643	3,859,285
Infrastructure	1,546,428	511,107	1,035,321	9,647	-	45,725	999,243
Buildings	6,481,472	3,414,754	3,066,718	654,152	-	262,619	3,458,251
Equipment	691,745	520,459	171,286	58,697	-	41,855	188,128
Furniture & Fittings	280,770	229,141	51,629	24,032	867	12,041	62,753
Capital Work in Progress	130,206	-	130,206	136,482	-	-	266,688
Total Fixed Assets	15,554,853	6,271,975	9,282,878	887,467	867	634,026	9,535,452

2014	Original Cost	Opening Accum Depn	Opening WDV	Additions	Disposals	Depn	Closing WDV
Land & Improvements	450,489	419	450,070	249,108	-	1,389	697,789
Airfield Infrastructure	5,640,287	1,322,351	4,317,936	84,346	-	272,355	4,129,927
Infrastructure	1,542,490	466,533	1,075,957	3,938	-	44,574	1,035,321
Buildings	6,476,542	3,147,979	3,328,563	4,930	-	266,775	3,066,718
Equipment	705,755	490,371	215,384	23,975	13,834	54,237	171,288
Furniture & Fittings	286,499	222,337	64,162	1,921	115	14,342	51,626
Capital Work in Progress	-	-	-	130,206	-	-	130,206
Total Fixed Assets	15,102,062	5,649,990	9,452,072	498,424	13,949	653,672	9,282,875

The Land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. The Company has a renewable 60 year lease over this land at a peppercorn rental.

6 – INTANGIBLE ASSETS

2015	Original Cost	Accum Amortisation	Opening WDV	Additions	Disposals	Amortisation	Closing WDV
Software	19,290	10,872	8,418	345	-	3,432	5,331

2014	Original Cost	Accum Amortisation	Opening WDV	Additions	Disposals	Amortisation	Closing WDV
Software	8,475	8,428	47	10,815	-	2,444	8,418

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

7 – TRADE AND OTHER RECEIVABLES

	Note	2015	2014
Trade Receivables		565,834	492,172
Less: Provision for Impairment	13	(2,481)	(5,027)
Accrued Debtors		19,286	32,333
Prepayments		40,534	41,763
Other Receivables		44,528	67,401
		<u>667,701</u>	<u>628,642</u>

8 – CASH AND CASH EQUIVALENTS

	2015	2014
Cash on Hand	6,685	6,685
Bank Balance	149,872	1,088,562
Term Deposits (maturity less than 3 Months)	500,000	-
	<u>656,557</u>	<u>1,095,247</u>

9 – OTHER FINANCIAL ASSETS

	2015	2014
Short Term Deposits (maturity within 3 months of balance date)	1,500,000	1,150,000
Short Term Deposits (maturity within 4 - 12 months of balance date)	800,000	2,434,756
	<u>2,300,000</u>	<u>3,584,756</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

10 – SHARE CAPITAL

ORDINARY SHARES

All authorised shares (2,400,000) have been issued, are fully paid up and have no par value. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

KIWI SHARE

The Minister for the Crown holds a Kiwi share on behalf of the Crown. A Kiwi Share is one fully paid special rights redeemable preference share having the rights and limitations specified in Clause 3 of the First Schedule of the Company's constitution.

DISTRIBUTIONS TO SHAREHOLDERS

As stated in the annual Statement of Corporate Intent the Company will endeavour to pay an annual dividend of the greater of the following amount of the company's profit after tax:

- 5% of the Opening Shareholders Funds for that year, and
- that it will be no less than the previous years dividend.

On 30 June 2015, a year end dividend of \$515,500 was declared. This was paid on 20 July 2015.

In 2014, a year end dividend of \$500,000 was declared and paid on 26 June 2014. A special dividend was also declared and paid on 29 November 2014 totalling \$150,000.

11 – INTEREST BEARING LOANS

Repayable as follows:

Less Than 1 Year
Between 1 and 5 Years

	2015	2014
Less Than 1 Year	1,892	3,001,604
Between 1 and 5 Years	-	1,892
	<u>1,892</u>	<u>3,003,496</u>

During the year, the company repaid three \$1m loans with Westpac that were secured by a registered debenture over assets and undertakings of the Company.

This Multi Option Credit Line Facility was terminated in January 2015.

Less Than 1 Year
Between 1 and 5 Years

Less Than 1 Year	1,892	1,604
Between 1 and 5 Years	-	1,892
	<u>1,892</u>	<u>3,496</u>

During 2011 the Company entered into a hire purchase arrangement for the purchase of a Multi-function photocopier. At balance date the term remaining on the agreement was 1 year. The interest rate over the life of the hire purchase is 18.96%.

The net carrying amount of the lease at year end is \$1,892, and is repayable as follows:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

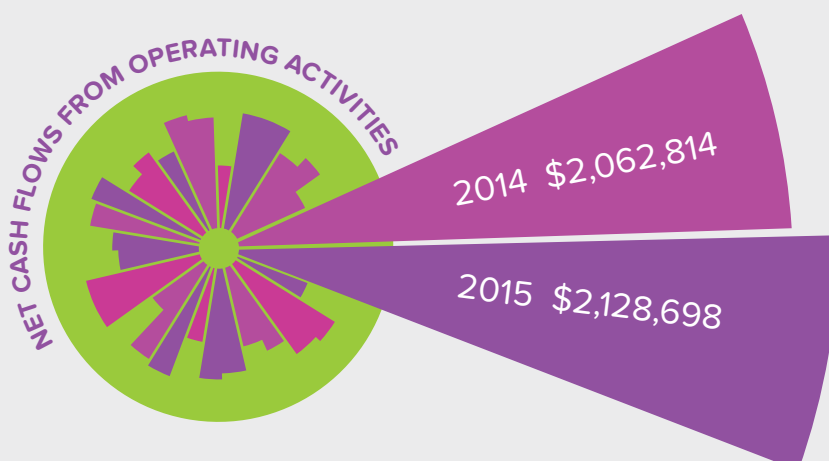
FOR THE YEAR ENDED 30 JUNE 2015

12 – TRADE AND OTHER PAYABLES

	2015	2014
Trade Payables	194,618	132,034
Trade Payables (Related Parties)	10,584	18,340
Dividends Payable	515,500	-
Accruals	40,313	40,065
GST Liability	85,861	77,622
Lease Income in Advance	52,936	49,594
	<u>899,812</u>	<u>317,655</u>

13 – RECONCILIATION OF REPORTED PROFIT AFTER TAX WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2015	2014
Net Profit for the Year	1,556,430	1,525,320
Add/(less) non cash and non operating items:		
(Gain)/Loss on Disposal of assets	709	13,949
Depreciation and Amortisation	637,458	656,116
Impairment of trade receivables	(2,481)	(5,027)
Movement in deferred taxation	(65,703)	(75,163)
Movement in working capital:		
(Increase)/Decrease in receivables	(39,061)	(9,730)
Increase/(Decrease) in current tax payable	24,816	(30,047)
Increase/(Decrease) in payables	16,530	(12,604)
Net cash flows from operating activities	<u>2,128,698</u>	<u>2,062,814</u>



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

14 – JUDGEMENT AND ESTIMATION UNCERTAINTY

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated

and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions that have a significant risk of causing

a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

15 – TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH SHAREHOLDERS

The Company is jointly owned by Nelson City Council (NCC) (50%) and Tasman District Council (TDC) (50%).

The Company paid rates and maintenance costs to the NCC amounting to \$388,214 (2014:\$380,728) and the balance included as owing in trade payables as at 30 June 2015 was \$10,584 (2014:\$7,215).

The Company pays a peppercorn rent to the Nelson City Council in respect of airport land (Refer Note 5).

TRANSACTIONS WITH ENTITIES OWNED BY SHAREHOLDERS

Nelmac Limited is a 100% subsidiary of Nelson City Council. The Company paid grounds maintenance and other fees to Nelmac Limited amounting to \$105,846 (2014:\$83,885) and the balance included as owing in trade payables as at 30 June 2015 was \$7,288 (2014:\$11,125).

Tourism Nelson Tasman Limited is owned by Nelson City Council. The Company paid costs to Tourism Nelson Tasman Limited amounting to \$34,740 (2014:\$150) and the balance included as owing in trade payables as at 30 June 2015, was Nil (2014: Nil).

TRANSACTIONS WITH ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

During the year the Company paid for services with NZ Red Cross Limited in which Paul Steere is a director. These services amounted to \$691 (2014: \$417) and the balance owing in trade payables as at 30 June 2015 was \$795 (2014: Nil).

During the year the Company paid a total of \$8,595 (2014: \$15,253) to Matiri Associates Ltd for Directors Fees and Reimbursements. Paul McGuinness (Director and Deputy Chairman of Nelson Airport Ltd) is the sole Director and Shareholder of Matiri Associates Ltd. The balance owing in trade payables as at 30 June 2015 was Nil (2014: Nil) .

The Company paid the following compensation to key management personnel for services rendered:

	2015	2014
Key management personnel compensation	\$283,385	\$263,611

All related party transactions were charged on normal terms and conditions and outstanding accounts are payable on normal trading terms. No related debts have been written off or provided for as doubtful. All related party balances are unsecured.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

16 – CAPITAL COMMITMENTS

Nelson Airport Limited has the following contractual capital commitments for property, plant and equipment as at 30 June 2015 (2014: \$111,636);

Terminal Access Project	\$122,878
Hangar 3 Truss Remediation	\$106,462
	<u>\$229,340</u>

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

17 – OPERATING LEASES

Nelson Airport Limited has non – cancellable operating lease arrangements with lessees of the terminal and other land and buildings of the Airport. Due to the variable nature of these agreements the future value of these operating lease payments cannot be reliably estimated.

The lease arrangements are renewed on a periodic basis as disclosed in the lessors individual contract.

In 2015 lease revenue received in association with the non – cancellable operating lease arrangements amounted to \$1,677,493 (2014:\$ 1,645,435).

Lease revenue for future years is expected as follows:

Due within 12 months	Due Between 1-5 years	Due thereafter	Total
\$909,880	\$1,243,825	\$931,465	\$3,085,170



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

18 – CONTINGENCIES

There are no known contingencies as at 30 June 2015 (2014: Nil).

19 – EVENTS AFTER BALANCE DATE

There are no significant events after balance date that have affected the financial position of the company.

20 – SHAREHOLDERS' STATEMENT OF INTENT

Nelson Airport Limited is required to deliver a completed Statement of Intent to its shareholders by 30 June 2015 under Part 3(b) of Schedule 8 of the

Local Government Act 2002. The 2015 Statement of Intent was completed and forwarded to Nelson Airport Limited's shareholders by 30 June 2015.



**NELSON
AIRPORT**