



Annual Report
Annual Report for the period ended 30 June 2009

2009



Annual Report

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Nelson Airport cares for the environment – 2009 reports are available as pdf files and via email.
Please contact kayemcnabb@nelsonairport.co.nz

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF NELSON AIRPORT LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

The Auditor-General is the auditor of Nelson Airport Limited (the company). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the company on pages 10 to 33:
 - comply with generally accepted accounting practice in New Zealand;
 - give a true and fair view of:
 - the company's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on page 8 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2009.
- Based on our examination the company kept proper accounting records.

The audit was completed on 8 September 2009, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit Report

Audit procedures generally include:

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

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

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

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of the service performance achievements for the year ended 30 June 2009. The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002.

Independence

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

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



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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Directors' Report

Year ended 30 June 2009

It is pleasing for the Directors of Nelson Airport Limited to report on a solid year of performance to 30th June 2009 despite challenging economic times within the travel industry.

Profit Before Tax of \$1.687m maintained the level of earnings achieved in 2008, with higher operating costs offset by improved leasing and car parking revenue, and lower net financing costs.

Operating Cash Flows of \$1.680m, coupled with a relatively low level of capital expenditure during the year, helped boost cash holdings to \$3.128m after payment of dividends to shareholders. That cash resource will assist the company in meeting its \$2.2m commitment in respect of the proposed office extension to Hangar 2 for Air NZ as well as providing for a main runway overlay expected in the next few years. Other capital expenditure requirements or investment opportunities are likely to arise in the future.

Similarly we have been pleased to pay our shareholders a record dividend of \$275,328 up 19% on the previous year.

Mid year we were able to finally complete negotiations with Air Nelson on landing charges following judicial interpretation of the formulae for calculation. This was an important determination of national importance for both parties and we appreciate Air Nelson's open and fair approach to this matter and subsequently.

The settling of landing charges also assisted in sustaining revenue at a time of contracted passenger numbers

Recessionary conditions throughout the world have impacted on both business and leisure travel. We are fortunate that at Nelson Airport we have a vital hub for Air Nelson's activities plus a well developed infrastructure and facilities supporting the many private operators and service vendors for whom Nelson provides strategic positioning.

As we look beyond the current more difficult trading conditions, it is important that we ensure the best of facilities and services are made available to airport users and are continuously revitalised. We are therefore pleased to confirm that the agreement with Air Nelson

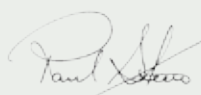
for a major extension to the existing hangar is proceeding as announced a year ago. Work has already commenced on the extension and the new engineering office facilities that are being funded by our company will see building commence in the next few weeks with completion expected late summer.

We continue to encourage new users to the airport and we have welcomed three new important tenants in Anatoki Helicopters, The Copter Shop and Helipro while Helicopters New Zealand has underpinned its reliance on Nelson by its purchase of the previous Origin utilised terminal building.

Directors are particularly grateful to Kaye McNabb as Chief Executive, senior management and all staff for the continuing dedication and contributions to the company's performance. It has been a busy and demanding year of activity with some uncertainty. The results speak highly of all our people and were further emphasised by the Company being awarded the Airport of the Year cup within the major airport division of the NZ Airports Association.

Directors would also acclaim the service of Ian Kearney who retired as Chairman last October after serving the company for 9 years in that role. Ian Kearney brought to the Board table both governance guidance and initiative that made for strong fiscal and operating foundations. The company came a long way under his stewardship and its continuing growth and performance is a tribute to his contribution.

It has been a good year for the company, its financial resources and performance is strong and resilient. While we see a more modest outlook for the year ahead we are hopeful that recessionary conditions will abate as we move through summer and growth will return. We believe we will maintain our dividend to shareholders in the year ahead and look forward to new initiatives with our wider stakeholders for our own continued growth and contribution to the real progress of the region.



Paul Steere
Chair

Members of the Board

Year ended 30 June 2009



From left to right: Michael Higgins (Director), Paul McGuinness (Director), Kaye McNabb (Chief Executive), Paul Steere (Chair), Judy Fanselow (Director), Annette Milligan (Deputy Chair)



*Kaye McNabb
Chief Executive*



*Janine Stephens
Office Administrator*



*Alasdair Macdonald
Operations Support*

❖ Highlights for the Year 2008-2009

The company met the challenges of the trying economic climate head on and produced a record result for the company in the 2008/2009 year.

Despite declining passenger numbers and the withdrawal of some link services careful management of expenses and the development of other company activities saw profit increased by 6.4% on the previous year.

Nelson Airport Ltd was awarded the Airport of the year 2009 in the Major Airport division of the New Zealand Airports Association Awards.

We were thrilled to bring home the cup in October 2008 where it is proudly displayed in the terminal. The award provided opportunities to profile the airport and its team of hard workers in a variety of media throughout the year.

The finalising of agreements with Air New Zealand allowed their commitment to expand the maintenance facilities at Nelson Airport and their investment in the building of a significant new hangar.

Nelson Airport Ltd will compliment this with a new engineering office block extension to the current hangar.

This is a major investment which we believe is of significant benefit to the region.

The Nelson Aviation Cluster was formed to enhance and support the aviation maintenance sector and general aviation activities at Nelson airport and to build on the momentum of the Air New Zealand maintenance development. One new privately owned hangar has been built in the general aviation area and plans are underway for more buildings in the coming year.

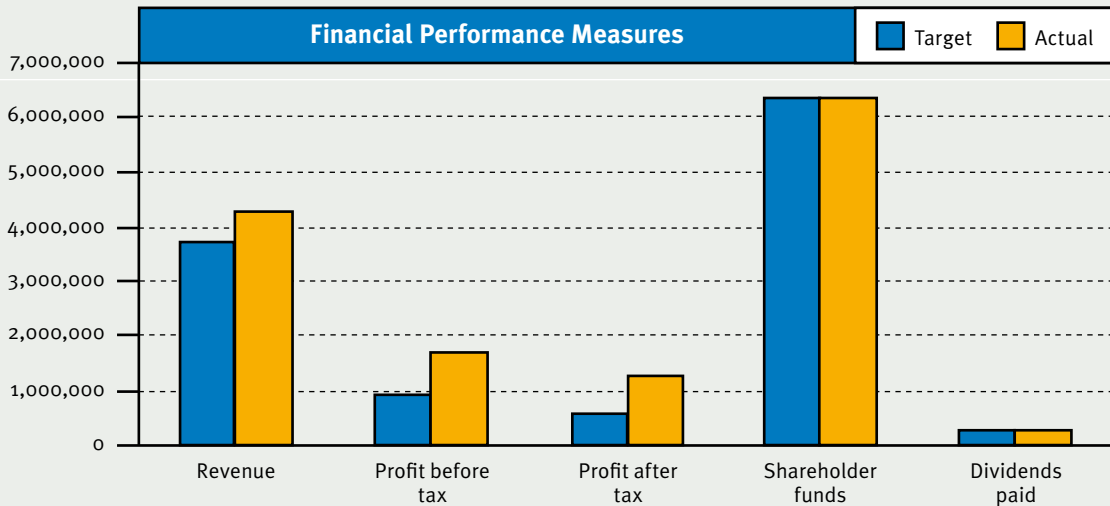
Helicopters New Zealand cemented their commitment to Nelson airport with the purchase of the ex Origin Airways terminal building as the location for the HNZ Group head office. The location of these international offices at Nelson Airport is also seen as a significant benefit to the region.

The company's environmental commitment has seen the installation of recycling bins in the terminal area with support and investment from Tasman District Council and the Ministry of Environment.

Nelson Airport Ltd is continuing work with the New Zealand Ornithological Society including contributing to a study of the habits and local habitat of the South Island Pied Oyster Catcher by way of a tag recapture study which will provide information that can be used to deter the establishment of colonies of these birds at the airport and in the vicinity of flight paths.



Statement of Service Performance



There were no significant variances against the target measures adopted in the statement of intent.

Project performance measures

Target	Actual
To pass all Civil Aviation certification audits at a satisfactory standard.	All Audits were passed with no findings noted. The continuous improvement model was achieved
To complete the review of the company's Aerodrome Certification Exposition by December 2008.	The Aerodrome Certification Exposition has been reviewed and updated
Achieve Financial Performance Targets.	All Financial Targets have been achieved
To hold regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide this Committee with the appropriate monitoring information.	Regular meetings of the Nelson Airport Noise Environment Advisory Committee have been held and monitoring information has been provided. An audit of noise levels and calculation methods has been carried out.
Ensure Company complies with all employment related legislation.	The company continues to monitor employment legislations and review its contracts accordingly.
To implement the recommendations of the Airport Environmental Management Plan on fuel storage and storm water by December 2008.	The shift of fuel installations to above ground facilities away from the estuary is progressing with a temporary above ground facility now replacing the Jet A1 underground facility. The major fuel company now leases a site in preparation for further progress. The stormwater discharges are now covered by Consents.
To complete the 2nd stage of the McLaren Drive extension by December 2009.	The 2nd stage project is progressing and completion is expected by December 2009.
To undertake a development plan for the airport and make this plan available for the main stakeholder groups and shareholders for comment.	This significant project is in planning.
To grow the Runway Refurbishment Reserve Fund to \$2m by June 2009.	This target was reached.

Annual Report

Nelson Airport Limited

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 2009.

Principal Activities

The principal activity of the company is the operation of an airfield together with the provision of general services and facilities directly related to airfield activities. This includes management of property that either enhances the airport business or supports the principal users of the airfield business assets.

Employee Remuneration

Employee remuneration and other benefits for the year ended 30 June 2009 is as follows:

Remuneration	Number of Employees
\$120,000 – \$130,000	1

Directors holding office in the year

Paul Steere (appointed 24 November 2008)

(Chair – Appointed 24 February 2009)

Annette Milligan (Deputy Chair)

Paul McGuinness

Judith Fanselow

Micheal Higgins

Ian Kearney (resigned 28 October 2008)

Remuneration

9,827

14,500

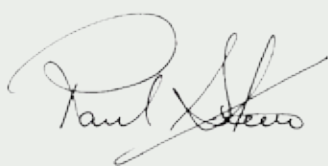
12,500

12,500

12,500

7,462

For and on Behalf of the Board



Paul Steere
(Chair)

Date: 7 September 2009



Annette Milligan
(Deputy Chair)

Date: 7 September 2009



Income Statement

Year ended 30 June 2009

	Note	2009	2008
Revenue	2	4,152,474	4,266,432
Operating costs	3a	1,747,410	1,678,895
Administration expenses	3b	688,667	793,827
		2,436,077	2,472,722
Operating profit before financing costs		1,716,397	1,793,710
Interest revenue		(159,203)	(137,316)
Interest expenditure		188,392	247,334
Net financing costs		29,189	110,018
Profit before tax		1,687,208	1,683,692
Income tax expense	4	496,010	564,251
Profit for the year		1,191,198	1,119,441



Statement of Movements in Equity

Year ended 30 June 2009

	Note	Share Capital	Retained Earnings	Total Equity
As at 30 June 2007		2,400,000	2,218,013	4,618,013
Profit for the year		-	1,119,441	1,119,441
Total recognised income and expense for the year		-	1,119,441	1,119,441
Distributions to equity holders	9	-	230,900	230,900
As at 30 June 2008		2,400,000	3,106,554	5,506,554
Profit for the year		-	1,191,198	1,191,198
Total recognised income and expense for the year		-	1,191,198	1,191,198
Distributions to equity holders	9	-	275,328	275,328
As at 30 June 2009		2,400,000	4,022,424	6,422,424



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

Balance Sheet

Year ended 30 June 2009

	Note	2009	2008
Assets			
Non current assets			
Property plant and equipment	5	6,319,190	6,592,233
Intangible assets	6	630	1,210
Deferred tax	4	153,599	112,031
Total non-current assets		6,473,419	6,705,474
Current assets			
Trade and other receivables	7	389,680	462,812
Current income tax asset		-	-
Cash and cash equivalents	8 & 13	1,167,867	815,391
Other financial assets	13	1,961,037	1,350,725
Total current assets		3,518,584	2,628,928
Total assets		9,992,003	9,334,402
Equity			
Issued share capital	9	2,400,000	2,400,000
Retained earnings		4,022,424	3,106,554
Total equity		6,422,424	5,506,554
Liabilities			
Non-current liabilities			
Interest bearing loans	10 & 13	3,000,000	215,000
Total non-current liabilities		3,000,000	215,000
Current liabilities			
Interest bearing loans	10 & 13	-	3,000,000
Trade and other payables	11	351,276	533,928
Current income tax liability		166,434	23,238
Employee entitlements		51,869	55,682
Total current liabilities		569,579	3,612,848
Total liabilities		3,569,579	3,827,848
Total equity and liabilities		9,992,003	9,334,402

The entity's owners do not have the power to amend the financial statements after issue.

For and on behalf of the Board



Paul Steere
(Chair)

Date: 7 September 2009



Annette Milligan
(Deputy Chair)

Date: 7 September 2009

Cash Flow Statement

Year ended 30 June 2009

	Note	2009	2008
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from airport users		4,225,606	4,172,901
Interest received		159,203	137,316
		4,384,809	4,310,217
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(2,121,147)	(1,627,239)
Interest paid		(188,392)	(247,334)
Income tax paid		(394,384)	(605,945)
		(2,703,923)	(2,480,516)
Net cash flows from operating activities	12	1,680,886	1,829,699
Cash flows from investing activities			
<i>Cash was disbursed to:</i>			
Increase in term deposit/other financial assets		(610,312)	(186,547)
Purchase of property, plant and equipment		(227,770)	(629,737)
Net cash flow from investing activities		(838,082)	(816,284)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from borrowings		-	215,000
<i>Cash was disbursed to:</i>			
Loan repayments		(215,000)	(210,000)
Dividends paid	9	(275,328)	(230,900)
Net cash flow from financing activities		(490,328)	(225,900)
Net increase (decrease) in cash and cash equivalents		352,476	787,515
Opening cash and cash equivalents		815,391	27,876
Closing cash and cash equivalents		1,167,867	815,391

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

Year ended 30 June 2009

1. Significant 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 processing of passengers and freight to and from the aircraft.

Nelson Airport Limited is jointly controlled 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 2009. The financial statements were authorised for issue by Nelson Airport Limited on 7 September 2009.

Basis of Preparation

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

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.

Statement of Compliance

The financial statements comply with the New Zealand Equivalents to International Financial Reporting

Standards (NZ IFRS) and its interpretations as appropriate to profit oriented entities. The Company is designated as a profit oriented entity.

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

Other standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the company for the annual reporting period ending 30 June 2009.

These standards together with their potential impacts are outlined below:

a. NZ IFRS 8: Operating Segments

This standard sets requirements for disclosure of information about an entity's segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers.

This standard was approved in December 2006 with application date of the standard for annual reporting periods beginning on or after 1 January 2009.

The adoption of this standard could result in an increased disclosure based on the company's operating segments.

b. NZ IAS 23: Borrowing Costs

This standard prescribed the accounting treatment for borrowing costs. The revised standard effective 1 January 2009 removes the option to use the expense model which allows the recognition of all borrowing costs to expense when incurred for qualifying assets.

A qualifying asset is one that requires a substantial period of time to make it ready for its intended use or sale.

At present the company is not involved in the development of any qualifying asset.

Notes to the Financial Statements

Year ended 30 June 2009

Property Plant and Equipment

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. Interest costs are expensed in the year they are incurred.

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 statement of financial performance.

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 Income Statement as an expense as incurred.

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.

Airfield	Runways, taxiways and aprons	2.5% - 20% straight line
Buildings	Terminal and hangars	1.6% - 33% straight line
Infrastructure assets	Car parks, roads, water supply, stormwater and waste disposal	1.5% - 20% straight line
Equipment	Parking meters, security and vehicles	10% - 40% diminishing
Fixtures and fittings	Furniture, computers, and fittings	5% Straight line 12.5% - 60% Diminishing

Land and improvements to land are not depreciated. The residual value and useful life of assets is reassessed annually.



Impairment of Non-Current Assets

The carrying amount of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indications 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 Income Statement.

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 class of asset was previously recognised in the Income Statement immediately.

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 straight line 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 statement of financial performance.

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

Computer software	2 years
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Notes to the Financial Statements

Year ended 30 June 2009

Trade and Other Receivables

Trade and other receivables are initially stated measured 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 "Financial Assets at fair value through profit and loss". They are initially measured at fair value, net of transaction costs

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. All borrowing costs are recognised as an expense in the period they are incurred and are measured at amortised cost using the effective interest method.

Employee Entitlements

A liability for annual leave is accrued and recognised in the Balance Sheet. The liability is calculated on an actual entitlements basis at current rates of pay.

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 Income Statement 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 Income Statement on a straight line basis over the term of the lease.

Car Parking Fees

Car Parking fees are recognised in the Income Statement 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.

Taxation

Income tax expense in relation to the surplus or deficit 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 income statement, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Notes to the Financial Statements

Year ended 30 June 2009

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 activities, is classified as an 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.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

2. Operating Income

	2009	2008
Landing charges	1,934,372	2,190,189
Terminal leases	528,959	464,668
Building and ground lease	834,914	807,166
Car parking charges	832,228	790,338
Sundry income	22,001	14,071
	4,152,474	4,266,432



3. Expenses

a. Operating Costs

	2009	2008
Depreciation	500,813	558,695
Amortisation of intangible assets	580	1,117
Employee entitlements	413,840	350,638
Other operational expenses	832,177	762,272
Loss on disposal of fixed assets	-	6,173
	1,747,410	1,678,895

b. Administration Costs

	2009	2008
Auditor's remuneration		
Financial Statements Audit	23,150	22,050
NZ IFRS Transition	-	6,306
Directors' fees	69,565	71,391
Provision for impairment of trade receivables	17,913	223,362
Other administration expenses	578,039	470,718
	688,667	793,827

Notes to the Financial Statements

Year ended 30 June 2009

4. Income Tax

Components of tax expense

	2009	2008
Current tax expense	537,578	645,896
Deferred tax expense	(41,568)	(81,645)
	496,010	564,251

Relationship between tax expense and accounting profit

	2009	2008
Operating profit before taxation	1,687,208	1,683,692
Prima facie tax @ 30% (2008 : 33%)	506,162	555,618
Deferred Tax Adjustments	(61,918)	7,097
Under provision for Tax during 2008	51,766	-
Adjustment due to tax rate change	-	1,536
Income tax expense	496,010	564,251

Deferred Tax

	Property, Plant and Equipment	Employee Entitlements	Other Provisions	Total
Balance at 1 July 2007	16,897	8,581	4,908	30,386
Tax rate change (33% to 30%)	(1,536)	-	-	(1,536)
Charged to Profit & Loss	30,720	(9,084)	61,545	83,181
Balance at 1 July 2008	46,081	(503)	66,453	112,031
Charged to Profit & Loss	92,819	10,017	(61,268)	41,568
Balance at 30 June 2009	138,900	9,514	5,185	153,599



Imputation Credit Account

	2009	2008
Balance at the beginning of the year	1,689,971	1,197,753
Plus		
Resident withholding tax		-
Income tax paid	394,384	605,945
Less		
Income tax refunded	(15,649)	-
Imputation credits attached to dividends paid	(135,609)	(113,727)
Balance at the end of the year	1,933,097	1,689,971

5. Property Plant and Equipment

	Cost	Additions	Disposals	Depr'n	Acc Depr'n	Carrying Value
2009						
Land & Improvements	443,784	628	-	-	-	444,412
Airfield Infrastructure	3,114,726	6,947	-	(75,881)	(1,222,775)	1,898,898
Buildings	4,572,268	28,866	-	(313,084)	(1,986,795)	2,614,339
Infrastructure	1,195,312	52,011	-	(45,417)	(281,545)	965,778
Equipment	432,885	35,797	(10,828)	(48,637)	(230,211)	227,643
Furniture & Fittings	203,311	1,562	(10,329)	(17,794)	(128,378)	66,166
Work in Progress	-	101,954	-	-	-	101,954
	9,962,286	227,765	(21,157)	(500,813)	(3,849,704)	6,319,190

Notes to the Financial Statements

Year ended 30 June 2009

5. Property Plant and Equipment (continued)

	Cost	Additions	Disposals	Depr'n	Acc Depr'n	Carrying Value
2008						
Land and improvements	443,784	-	-	-	-	443,784
Airfield infrastructure	2,835,265	279,461	-	(142,595)	(1,147,085)	1,967,641
Buildings	4,513,311	58,957	-	(318,908)	(1,673,975)	2,898,293
Infrastructure	1,024,490	170,822	-	(44,319)	(236,225)	959,087
Equipment	334,645	104,313	(6,073)	(30,401)	(192,425)	240,460
Furniture and fittings	187,235	16,186	(110)	(22,472)	(120,343)	82,968
	9,338,730	629,739	(6,183)	(558,695)	(3,370,053)	6,592,233

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

At 30 June 2009, all property, plant and equipment are subject to a registered debenture to secure bank loans (Note 13).



6. Intangible Assets

	Computer Software \$
Balance at 1 July 2007	
Cost	8,475
Accumulated amortisation and impairment	(6,147)
Closing carrying amount 30 June 2007	2,328
Year ended 30 June 2008	
Additions	-
Amortisation charge	(1,118)
Closing carrying amount as at 30 June 2008	1,210
Balance at 30 June 2008	
Cost	8,475
Accumulated amortisation and impairment	(7,265)
Closing carrying amount 30 June 2008	1,210
Year ended 30 June 2009	
Additions	-
Amortisation charge	(580)
Closing carrying amount as at 30 June 2009	630

Notes to the Financial Statements

Year ended 30 June 2009

7. Trade and Other Receivables

		2009	2008
Trade receivables		370,495	605,951
Less: provision for impairment	13	(17,913)	(223,362)
Prepayments		37,098	80,223
		389,680	462,812

8. Cash and Cash Equivalents

		2009	2008
Cash on hand		4,405	5,305
Bank balance		21,105	28,484
Term deposits (maturity less than three months)	13	1,142,357	781,602
		1,167,867	815,391



9. Share Capital

Ordinary Shares

All authorised shares (2,400,000) have been issued and are fully paid up. 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:

- a) 5% of the Opening Shareholders Funds for that year, or
- b) \$160,000

Dividends of \$275,328 were declared and paid in June 2009 (2008: \$230,900 in June 2008) amounting to 11 cents per share (2008: 10 cents per share in June 2008).

There were no dividends declared after balance date before the signing of these financial statements.

10. Interest Bearing Loans

Secured Bank Loans	2009	2008
<i>Repayable as follows:</i>		
Less than one year	-	3,000,000
Between one to five years	3,000,000	215,000
	3,000,000	3,215,000

The loans are secured by a registered debenture over assets and undertakings of the Company.

The loans due for repayment in 2009 are within the company's Multi Option Credit Line agreement with Westpac and management have extended the MOCL agreement with Westpac for a further four years to 2012 and to include providing differing maturity dates for each of the individual \$1m loans within the agreement.

Interest rates applying at balance date were in the range of 3.85% to 3.95%. (2008: 6.45% to 9.10%)

Notes to the Financial Statements

Year ended 30 June 2009

11. Trade and Other Payables

	Note	2009	2008
Trade payables		210,176	395,923
Trade payables (related parties)	16	15,206	22,985
Accruals		45,732	61,909
GST liability		46,306	21,504
Lease income in advance		31,455	29,668
Payments in trust		2,401	1,939
		351,276	533,928

12. Reconciliation of reported profit after tax with cash flows from operating activities

	2009	2008
Net profit for the year	1,191,198	1,119,441
Add/(less) non-cash and non-operating items:		
Loss on disposal of assets	-	6,183
Depreciation and amortisation	501,393	559,812
Impairment of trade receivables	17,193	223,362
Movement in deferred taxation	(41,568)	(81,645)
Movement in working capital:		
(Increase)/decrease in receivables	55,939	(316,893)
Movement in current tax asset/payable	143,196	39,949
Increase/(decrease) in payables	(186,465)	279,490
Net cash flows from operating activities	1,680,886	1,829,699



13. Financial Instruments

Credit Risk

To the extent that the Company has a receivable from another party, there is a credit risk in the event of non performance by that counterparty. Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and trade receivables.

The Company manages its exposure to credit risk. The Company performs credit evaluations on all customers requiring credit and generally does not require collateral.

The Company monitors its exposure to trade receivables on a monthly basis.

The Company continuously monitors the credit quality of major financial institutions that are counter parties to its financial instruments and does not anticipate non performance by the counterparty (current Standard & Poor rating for Westpac: AA/Stab/e/A-1+).

Maximum exposures to credit risk at balance date are:

Cash and cash equivalents and term deposits

	2009	2008
Cash and cash equivalents	1,167,867	815,391
Short-term deposits with maturities of 4-12 months	1,961,037	1,350,725

Runway Refurbishment Reserve Funds

Of the total amount held in cash and term deposits, \$2,305,043 (comprised of \$344,006, from the cash and cash equivalent balance, and \$1,961,037) are held in reserve for the runway refurbishment .

Trade Receivables

	2009	2008
Trade receivables	352,582	382,589

The above maximum exposures are net of any recognised impairment losses on these financial instruments. No collateral is held on the above amounts.

The status of trade receivables at the reporting date is as follows:

	2009		2008	
	Gross receivable	Impairment	Gross receivable	Impairment
Not past due	333,755	-	367,666	26,377
Past due 0-30 days	11,284	3,492	48,078	28,614
Past due 31-90 days	12,393	1,015	39,923	25,655
Past due > 90 days	13,063	13,406	150,284	142,716
Trade receivables	370,495	17,913	605,951	223,362

Notes to the Financial Statements

Year ended 30 June 2009

Financial instruments continued

Provision for Impairment

	2009	2008
At 1 July	223,362	-
Additional provision made during the year	17,913	223,362
Provision reversed during the year	(223,362)	
Receivables written-off during the year	-	-
Provision for Impairment	17,913	223,362

Concentrations of Credit Risk

The Company's largest customer accounts for 44% (2008, 51%) of total sales and 56% (2008, 71%) of trade receivables at balance date. The Company does not have any other significant concentrations of credit risk.

Interest Rate Risk

The Company has exposure to interest rate risk to the extent that it borrows and invests for a fixed term at fixed rates. The Company manages its investment return by investing in both monthly and six monthly short term deposits. The Company manages its cost of borrowings by re-pricing the short term fixed interest rates on the three term loans of \$1,000,000 at staggered intervals.

Credit Facilities

The Company has a multi-option facility in place of \$5 million of which it has drawn down \$3,000,000.

The multi-option facility has the following covenants attached:

- Interest cover ratio to be maintained at greater than 2 times.
- Equity ratio to be maintained at greater than 40%.

Re-Pricing Analysis

The following table identifies the periods in which the financial instruments that are subject to interest rate risk re-price.

	2009 Effective Interest Rate	2009 Within 12 months	2009 Between 1 – 2 Years	2009 Between 2-5 Years	2008 Effective Interest Rate	2008 Within 12 months
Assets						
Term deposits	3.4%-4.5%	3,103,394	-	-	8.91%	2,132,328
Liabilities						
Bank Loans	3.85%-3.95%	-	(3,000,000)	-	6.45%-9.10%	(3,000,000)

14. Capital Management

The company's capital is its equity, which comprises share capital and retained earnings. Equity is represented by net assets.

The company manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financing dealing to ensure it effectively achieves its objectives and purpose whilst remaining a going concern.

15. 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.

16. 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 dividends to each of the shareholders amounting to \$275,328 during the year (2008, \$115,450).

The Company paid rates and maintenance costs to the NCC amounting to \$446,165, (2008, \$318,537) and the balance included as owing in trade payables as at 30 June 2009 was \$8,619, (2008, \$14,647).

The Company pays a peppercorn rent to the Nelson City Council in respect of airport land (See 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 \$132,890, (2008, \$101,038) and the balance included as owing in trade payables as at 30 June 2009 was \$6,587, (2008, \$8,338).



Notes to the Financial Statements

Year ended 30 June 2009

Transactions with Related Parties continued

Transactions with entities related to key management personnel

During the year the company re-imbursed expenses to Fanselow Bell Ltd, a human resources firm, in which Judith Fanselow is a director and shareholder. These services cost \$85 (2008: \$11,814) and there was no balance included as owing in trade payables as at 30 June 2009.

There is a close family member of key management personnel employed by the Company. The terms and conditions of this arrangement are no more favourable than the company would have adopted if there were no relationship to key management personnel.



Short-term employee benefits

	2009	2008
Key management compensation	186,210	145,558

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.

17. Capital Commitments

Nelson Airport Limited has the following capital commitments as at 30 June 2009 (2008 : Nil):

Hangar 2 Office Building	\$ 2,250,000
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18. 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 2009 lease revenue received in association with the non – cancellable operating lease arrangements amounted to \$1,318,517 (2008: \$1,234,399).

19. Contingencies

There are no known contingencies as at 30 June 2009 (2008: Nil).

20. Subsequent Events

There are no known events subsequent to balance date that will materially affect the financial statements or the performance of Nelson Airport Limited. (2008: The company is in advanced negotiation with Air New Zealand to do a major extension to Hangar 2. The cost to the company was estimated to be approximately \$2m. This extension is part of our major project by Air New Zealand. They are expected to spend a further \$10m expanding their maintenance based in Nelson.)



❖ Nelson Airport Limited Directory

Directors

Paul Steere (appointed 24 November 2008)
(Chair – Appointed 24 February 2009)
Annette Milligan (Deputy Chair)
Judith Fanselow
Micheal Higgins
Paul McGuinness
Ian Kearney (resigned 28 October 2008)

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Chief Executive
Kaye McNabb

Auditor
Audit New Zealand on behalf of the Auditor-General

Bankers
Westpac Banking Corporation

Solicitors
Pitt and Moore



