Nelson Airport
LIMITED

ANNUAL REPORT 2014

NELSON AIRPORT ABOVE AND BEYOND!

DIRECTORY

DIRECTORS

Paul Steere	(Chair)
Annette Milligan	(Resigned 30 September 2013)
Michael Higgins	(Resigned 4 December 2013)
Paul McGuinness	(Deputy Chair)
Matthew Clarke	
Catherine Taylor	(Appointed 1 October 2013)
Judene Edgar	(Appointed 5 December 2013)

REGISTERED OFFICE

Nelson Regional Airport
Airport Terminal
P O Box 1598
Nelson 7040

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

CHIEF EXECUTIVE

Kaye McNabb

MANAGERS

Operations:	James Middlewick
Commercial:	Simon Orr

AUDITOR

Audit New Zealand on behalf of the Auditor-General

BANKERS

Westpac Banking Corporation

SOLICITORS

Pitt & Moore

WELCOME
CONTENTS

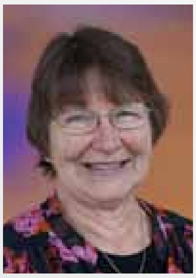
OUR STAFF NELSON AIRPORT

THE BOARD AND MANAGEMENT

Left to right: **James Middlewick** – Operations Manager, **Paul Steere** – Chairman, **Matthew Clarke** – Director, **Simon Orr** – Commercial Manager, **Judene Edgar** – Director, **Paul McGuinness** – Deputy Chairman, **Kaye McNabb** – Chief Executive.

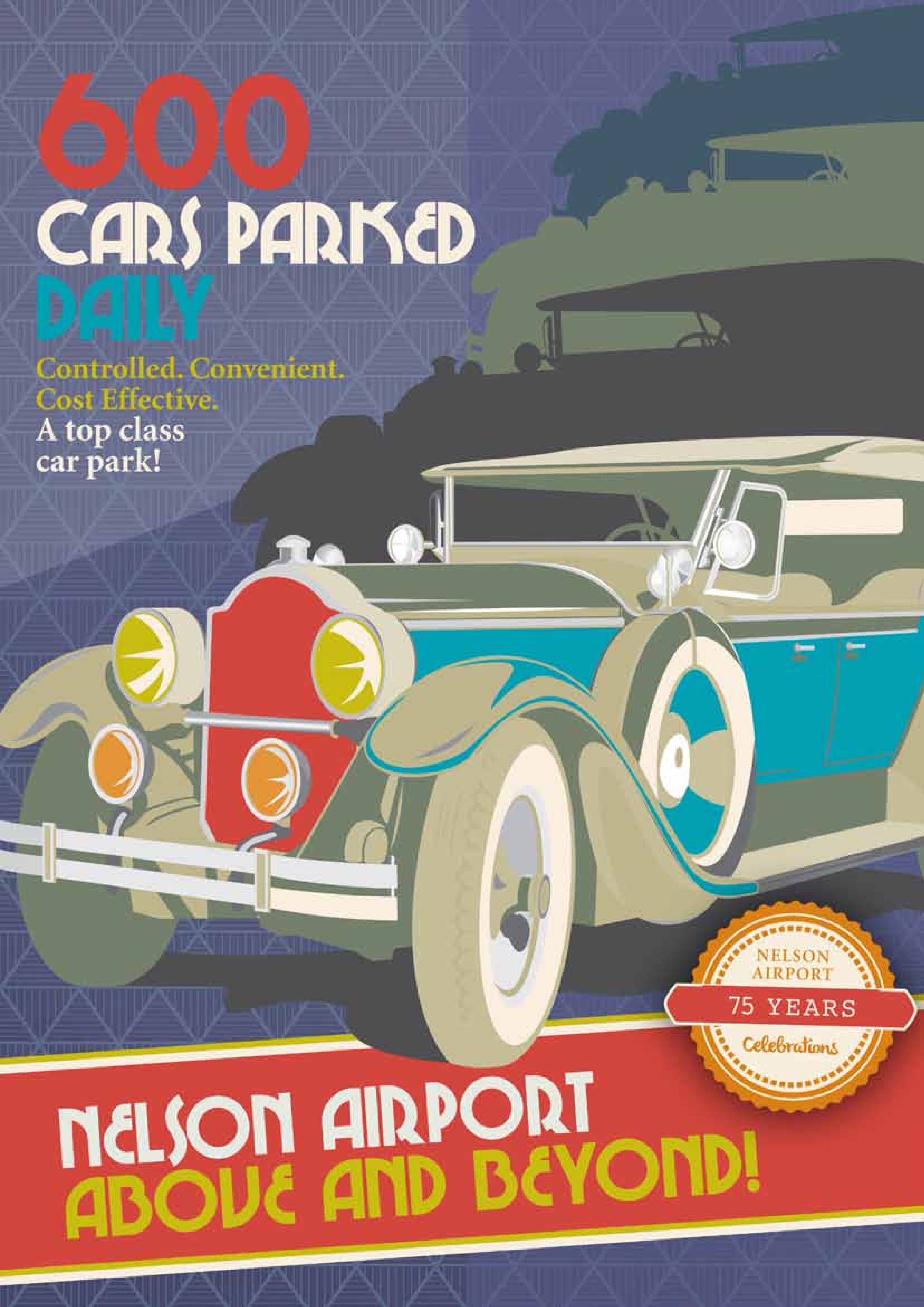
Insert: **Catherine Taylor** – Director

THE PEOPLE ON THE GROUND




Left to right: **Karen** – Office Administrator, **Ruth** – Administration Assistant, **Wayne, Greg, Sam, Jas** – Customer Service and Security Officers.


600
CARS PARKED
DAILY
Controlled. Convenient.
Cost Effective.
A top class
car park!
NELSON AIRPORT
75 YEARS
Celebrations
NELSON AIRPORT
ABOVE AND BEYOND!

DIRECTORS'/CEO'S REPORT

For the Year Ended 30 June 2014

OVERVIEW

- In the 75th year of operations at Tahunanui, the Board of Nelson Airport Limited was pleased to pay a special dividend of $150,000, being $75,000 to each shareholding Council with a total record dividend paid during the year of $650,000.
- We report another good performance by the company in the year ended 30th June 2014.
- Strong community engagement resulted from the Anniversary events.
- First phase of extending airside general aviation parking completed.
- Seismic testing completed and public facilities deemed operable.
- Early work undertaken on expansion options.

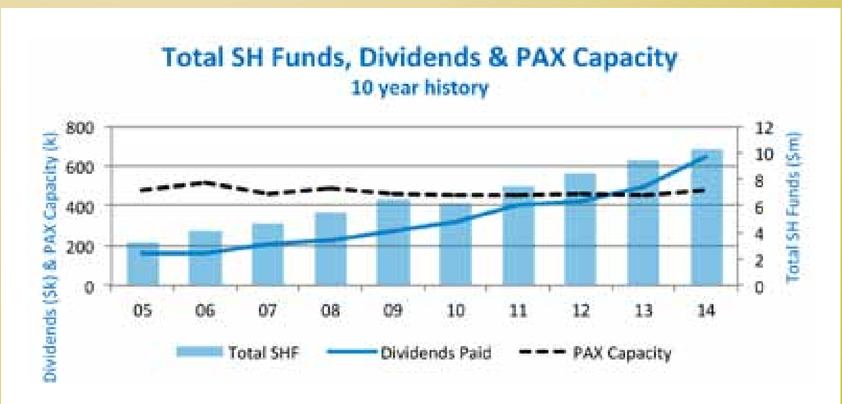
FINANCIAL

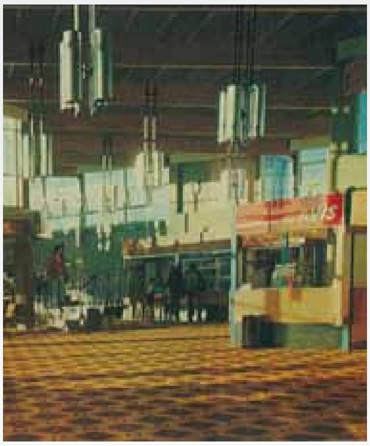
Nelson Airport Limited is pleased to report a profit after taxation of $1.525m, slightly more than the previous year. Revenue streams were up 4% with all sectors contributing and in line with expectations and usage. Standing charges for insurance and rates continue to escalate, up 12% and 15% respectively. Similarly maintenance costs were up slightly although controllable expenses were well managed. Overall net income before taxation at $2.119m was up 11% on budget and 2.4% on the previous year.

By comparison with our Statement of Intent, total revenue was within 1% of forecast and profit before tax, net profit and dividends paid all exceeded forecasts for the year.

With a total dividend of $650,000 the Company has continued its endeavours of increasing dividends. Our intention is to always declare a dividend of at least 5% of opening Shareholder Funds after having regard to medium term infrastructure development needs when assessing our dividend declaration. This year's dividend represented 6.9% of opening Shareholder Funds which compares favourably within the sector and within the region.

The frequency of airline operations and the number of landed passenger seats influences revenue and revenue growth. Financial growth has occurred despite landing aircraft capacity remaining generally flat.





Nelson is recognised by New Zealand's largest airline operator as an important hub and a key engineering facility.

AVIATION ACTIVITY

After a flat year in 2012/13, we saw some increase in 2013/14 passenger numbers reflected in a 5% increase in the number of landed seats. This has flowed through to landing charges revenue although in the latter half of the year we have noted a distinct change in capacity configurations which advantages the operator. The introduction of larger aircraft such as the ATR72 has changed the pricing mix for the company. In simple terms, the bigger the aircraft the lower the landing charge per passenger. Air New Zealand reintroduced a direct return service to Palmerston North and this is running at around 50 return flights per month. Auckland is now very close to Wellington in terms of the frequency of flights.

Nelson is recognised by New Zealand's largest airline operator as an important hub with more scheduled landings than any other regional airport (indeed Nelson continues to hold 4th position for scheduled passenger aircraft movements) and equally is a key engineering facility for the Q300 fleet and increasingly for ATR72 aircraft. This is a significant development for the region, requiring more highly trained specialist people and ancillary support which contributes to regional GDP. With the continuing development of this sophisticated engineering facility Air New Zealand is hopeful of securing foreign airline maintenance work and Nelson Airport Limited will continue to support this value added activity.

The general aviation sector continues to increase its presence on the airport with landings up 10% during the year. We have now expanded the airfield by the integration of that part of the airport reserve previously leased to the Nelson Golf Club providing a significant area available to develop both hangar space and aviation parking for private aircraft and small business. BP's investment in a state of the art aviation fuelling facility contributes to the resources now provided for this sector.

The integration of the new general aviation area has also meant a 500 metre extension to the perimeter walking track which continues to prove popular with the community.

During the Autumn the Royal New Zealand Air Force (RNZAF) utilised the new area for a major 10 day camp and their trainee pilots provided daily visual displays for the community when flying in the CT-4E airtrainers. Similarly we had a range of RNZAF activities during the year, including Orion waypoint calibration, Hercules provisioning, helicopter fleet movements and the Red Checkers aeronautical display team.

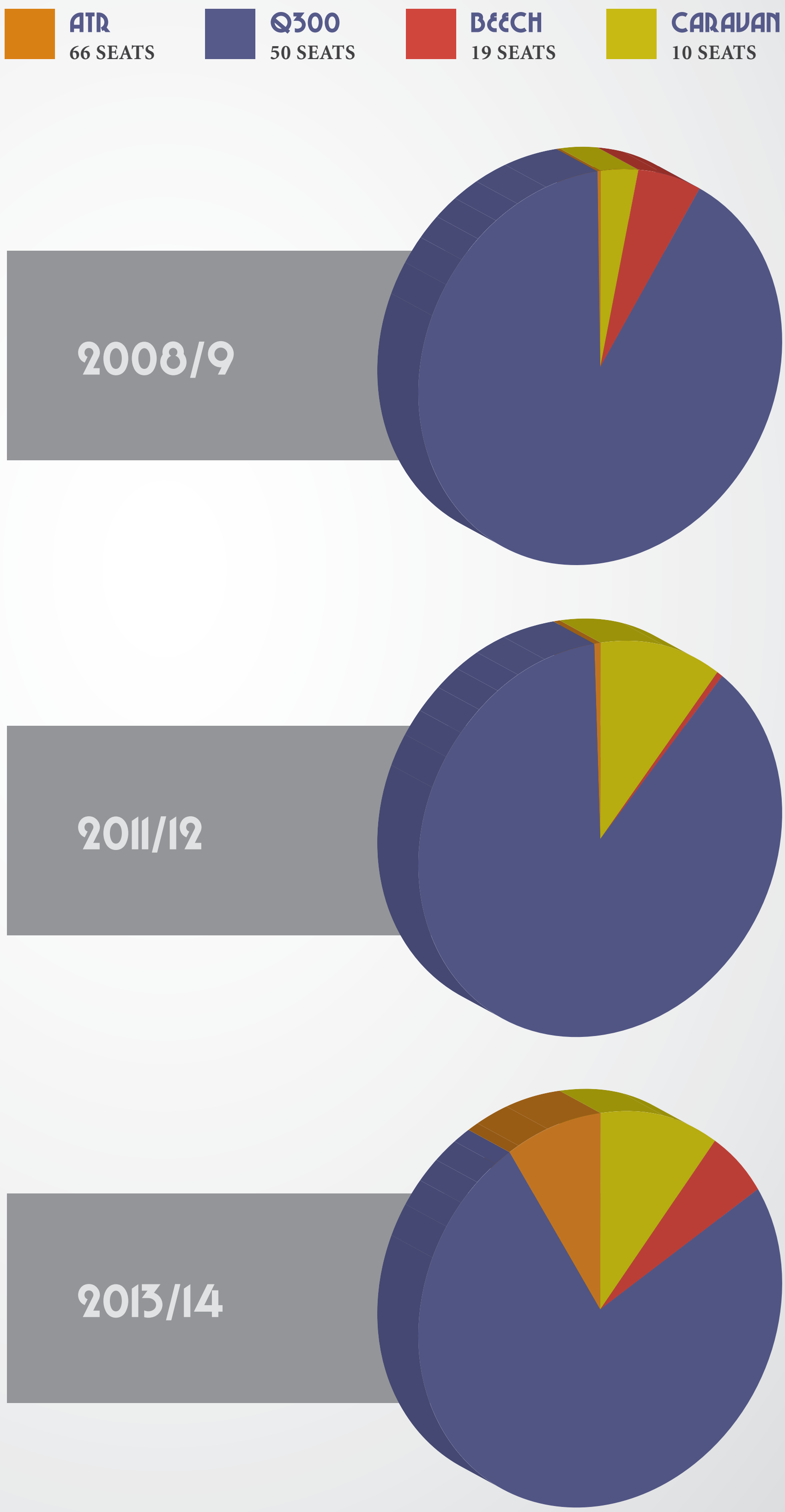
On 30th November we celebrated the 75th anniversary of Nelson Airport being based at the current Tahunanui site. An illustrated 300 page history of Nelson Aviation was published and sets out the challenges, innovation and determination that bespoke this important sector of transport for the region. An anniversary dinner and an open day with static and working aircraft displays attended by an estimated 10,000 people engaged the community during the day.

The Company continues to encourage additional utilisation by competitive operators. It is not an easy business with the bigger operators having to commit to a national regional service and the smaller operators limited by capacity and funding. We do enjoy regular neighbourhood operators in Sounds Air and air2there operating over Marlborough and the lower North Island.

We continue to support regional activities designed to enhance Nelson as a destination, with particular sponsorship provided to Nelson Tasman Tourism, The Nelson Tasman Cycle Trails Trust and the Economic Development Agency and its regional economic development strategy project.

The Company continues to meet its Civil Aviation Authority certification obligations with successful audits covering safety and security operational requirements.

NUMBER OF LANDINGS BY AIRCRAFT TYPE



OTHER REVENUE

Rentals continue to be a major income stream. Rentals are reviewed in accordance with lease agreements, assessed by professional valuers against the market and reviewed if necessary. The Company continues to seek additional tenants whether for hangar builds, new functional buildings or within the terminal. For the present, there is some oversupply of industrial land in Tahunanui so our efforts are more to aviation-centric potential tenants.

Parking continues to provide the third largest revenue stream. We are about to invest in significant capacity, security and safety enhancements around terminal access which will improve carpark access and use.

INFRASTRUCTURE

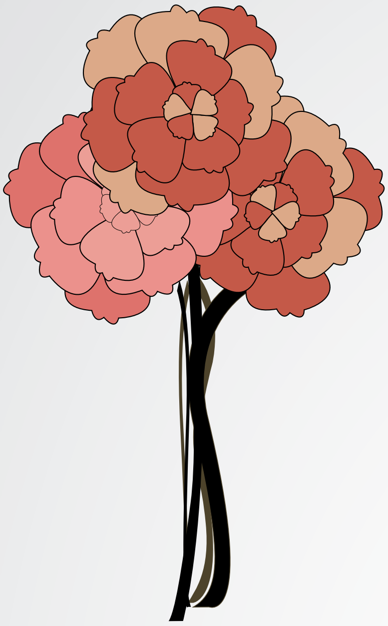
In addition to the reintegration of the new northern land for general aviation parking and future hangar provision the company carried out the planned maintenance overlay of Taxiway B.

The Company believes it has met all the defined objectives and specified performance targets for activities with one exception.

That exception was the intent to have construction work commenced on the Terminal Access redesign by 30th June 2014. It was determined appropriate to hold commencement of these works until seismic evaluation was completed. The engineering evaluation has taken longer than expected but it was important to confirm first and before considering higher level options for terminal expansion in order to assess whether a major realignment of access routes and parking would or would not be needed. That latter work is now underway and dependent upon the outcome we anticipate some structural work will commence in the year ahead.

In May we received the final evaluation for the terminal building rating. While earthquake prone, the terminal continues to be safe for public use while some strengthening is required to be undertaken within a ten year timeframe. The Company intends to consider some further strengthening of load bearing areas to raise the rating further and this intent is incorporated into the work on future terminal requirements for both usage growth and seismic resiliency.

In other areas of infrastructure, maintenance to Hanger 2 roof has required the engineering and installation of permanent safety lines for safe access at height. We are working with Airways New Zealand to relocate the Doppler VOR navigational aid to open up that southern area without the associated constraints of magnetic interference. The western sea wall continues to suffer erosion from high adverse weather events and we work closely with Nelson City Council to ensure protection to the general aviation grass runways is optimal.



ENVIRONMENTAL

The Company continues to positively manage its environmental footprint with a reduction in electricity consumption supported by the solar PV array installed two years ago which, after a detailed review, was exceeding expected outputs during the year. Similarly waste management has seen a measured 50% recycling.

We are keenly aware of the risk of bird strike – the substantial grass area and neighbouring estuary, golf course and grasslands all provide an attraction for some species. We are working closely with both Councils and appreciate their recognition of the risk and their own obligations to provide mitigation where possible. In encouraging that co-operation the Company is willing to fund proposals that can demonstrate risk mitigation and a lowering of bird attractants to the flight paths. We are equally aware of the environmental value of the estuary and those endangered and threatened species that inhabit it. We work with ornithologists, Department of Conservation and the Waimea Inlet Forum to identify and adopt best management practices for both interests.

The Company has a noise management committee which includes local resident representatives. The Company's "Noise Monitoring Plan" has been updated and audited and will be publicly notified. There have not been any recurring major noise issues identified during the course of the year.

We farewelled directors Annette Milligan and Michael Higgins. We welcomed Catherine Taylor and Judene Edgar.

HEALTH & SAFETY

The Company is mindful of the risks involved in the public service of aviation and regular safety meetings are held with operators. Incidents whether they involve injury, near miss or risk identification are logged and followed up. Given the interaction within the airport precinct we have commissioned an authoritative review of our Health and Safety practices to ensure that they fulfil legislative and our own requirements and indeed are best practice.

PEOPLE

During the course of the year we farewelled longstanding directors Annette Milligan and Michael Higgins – both assisted in stewarding the development of the airport through the last decade and their efforts are appreciated. Annette Milligan was a founding director of Nelson Airport Limited. In their place we welcomed Catherine Taylor and Judene Edgar who bring highly regarded experience to the Board, particularly as we enter a new phase of critical development, future proofing our facilities.

James Middlewick completed his National Diploma in Airport Operations during the course of the year and was promoted to Operations Manager responsible for the Company's airside controls and similar landside infrastructure management.

In extending our appreciation to Board colleagues and our staff for their very supportive efforts during the course of the year we must also recognise the strategic relationships we have with our two shareholders, with Air New Zealand, HNZ, Sounds Air, air2there, plus the Civil Aviation Authority and Airways New Zealand, as well as all other organisations and businesses that use our airport.

We are privileged to manage this important and valuable aviation asset but without our partnerships we would have very little.

OUTLOOK

We continue to see growth in the year ahead; significant effort will be undertaken on the development of improved terminal access and also on options for the development of the terminal. We are confident of achieving budget in the year ahead.

Our review of the value of the land underlying the airport which is held in trust by the Nelson City Council is underway with valuations now being assessed. The determination of how the value can be best advantaged for the company will require involvement of shareholders and government. We anticipate substantial progress on this matter in the months ahead.

Paul J Steere
Chairman

Kaye Mc Nabb
Chief Executive

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF NELSON AIRPORT LIMITED'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

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 statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 18 to 36 , that comprise the statement of financial position as at 30 June 2014, 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 statement of service performance of the company on page 12 to 13.

OPINION

Financial statements and statement of service performance

In our opinion:

- the financial statements of the company on pages 18 to 36 :
  - 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 2014; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company on page 12 to 13:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

OTHER LEGAL REQUIREMENTS

In accordance with the Financial Reporting Act 1993, we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 8 September 2014. 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 statement of service performance 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 statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance 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 statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control 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.

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 all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

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

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. 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 preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance 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 statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

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

Independence

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

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

Statement of Service Performance

Annual Report 2013/14

Pass all Civil Aviation Certification Audits at a satisfactory standard.

Achieved. All audits passed. No outstanding matters.

To achieve Financial Performance Targets as per the Statement of Intent (SoI) Financial Performance Table.

- Gross Revenue $5.09m Not achieved (within 1%)
- Operating Exp $3.00m Achieved
- Net Financing Inc $0.03m Achieved
- Profit before Tax $2.12m Achieved
- Net Profit $1.53m Achieved
- Retained Earnings $8.56m Achieved
- Dividend $0.65m Achieved (27.5% above target)
- Ret'd Net Earnings $7.91m Not achieved (within 1.5%)
- Closing SH Funds $10.31m Not achieved

To review emergency preparedness for customer safety and infrastructural assets.

Achieved. Review completed by 31/12/13.

To complete consultation on the Terminal Access redesign by 30 June 2013 and to implement the 1st stage of the design by 30 June 2014.

Consultation Target achieved. Regarding implementation – the opportunity to integrate the Access Project with the Terminal Redevelopment programme for significant potential benefit was identified. Accordingly implementation is pending confirmation of footprint and conceptual design of new or re-developed terminal building to ensure synergies are realised.

To ensure the required level of facilities are developed and maintained to support the growth of the aviation and related industries in the area.

Achieved. Nelson Airport has facilitated the establishment of a new state of the art fuel facility on the airfield. A new area for General Aviation and Hangar facilities has been developed and incorporated into airside.

To continue to support the expansion of the aviation service industry in Nelson, particularly through the Nelson Aviation Cluster and the Top of the South Aviation Strategy.

Achieved. A Top of the South Cluster forum was held in Nelson. A Strategy review has been undertaken. International promotion opportunities identified/used (2), media releases (3), International delegations (1).

> *"The Solar Electricity Generation power plant is performing way above expectation and meeting much of the Airport's electricity needs."*

To encourage growth of airline passengers and related services in the region.

Achieved. Support provided to Nelson Tasman Tourism. Support of various local events to further encourage visits to the region. 5.2% increase in PAX capacity through Nelson vs. previous year (to 953,000 seats). Palmerston North route established.

To ensure long term airport development requirements are identified as much as possible and advise shareholders of such plans and implementation timetables.

Achieved. Communications with on-site Cluster members provides useful information both ways. Five year forecast model, including development expenditure established, maintained and shared with shareholders.

To hold regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide this Committee with the appropriate monitoring and information.

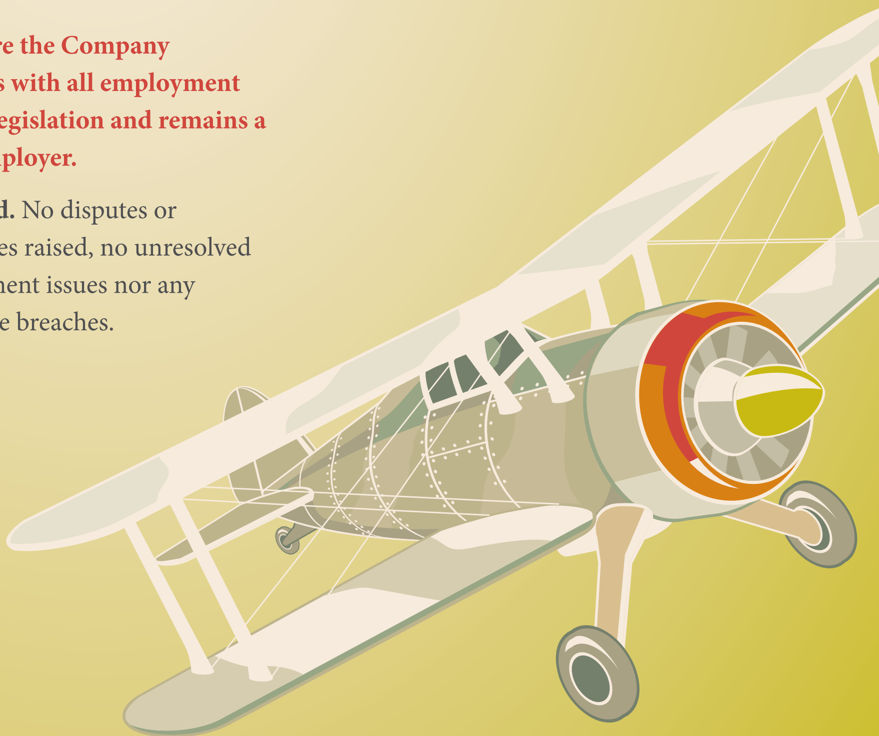
Noise levels monitored and reviewed. All complaints processed by NAL and through the Committee. The low level of complaints led to the cancellation of some meetings due to there being no complaints or issues raised since the previous meeting. Monitoring results provided to interested parties.

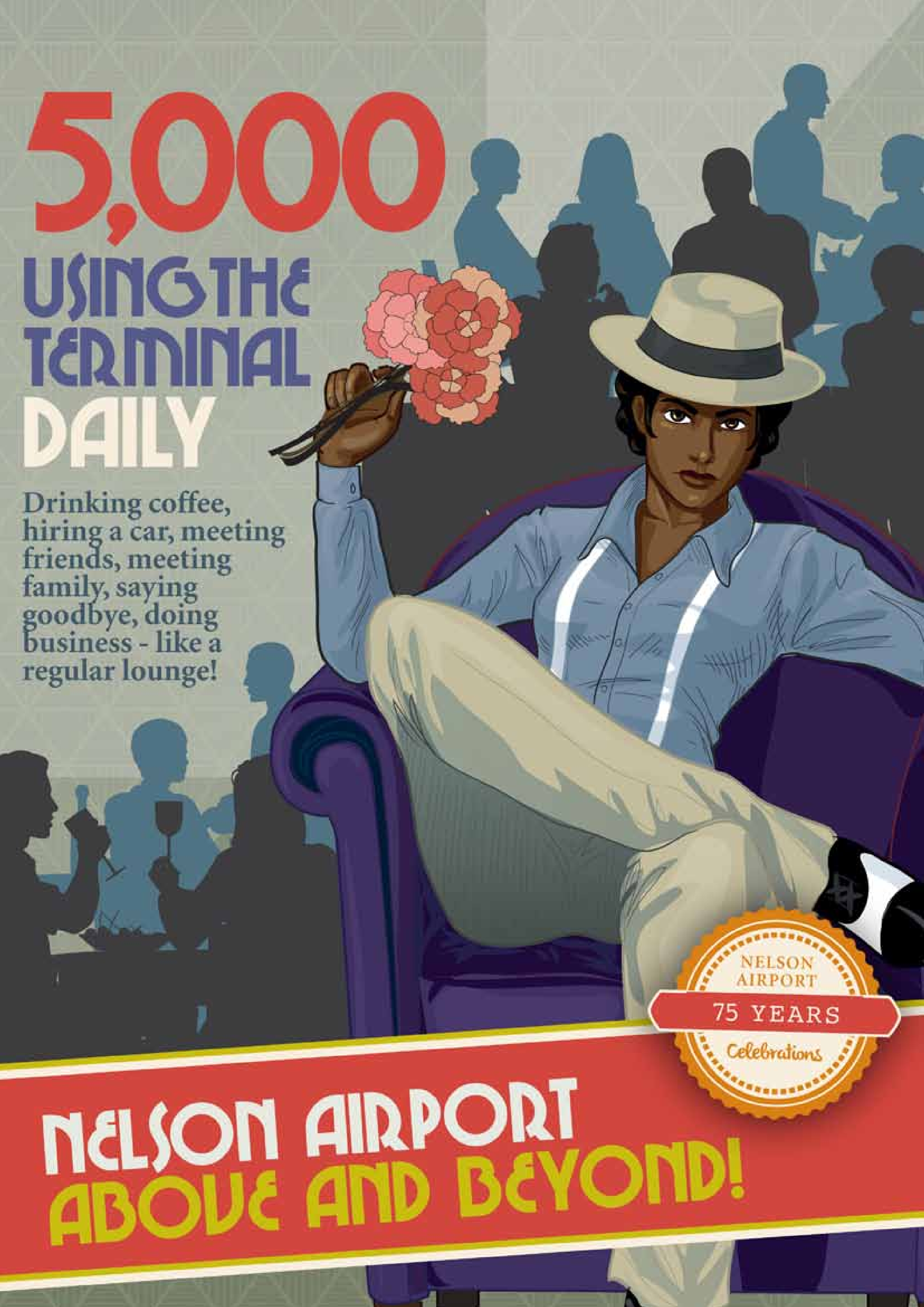
To ensure the Company complies with all employment related legislation and remains a good employer.

Achieved. No disputes or grievances raised, no unresolved employment issues nor any legislative breaches.

To take positive steps to continue to manage and where practicable reduce our carbon footprint and to promote environmentally friendly initiatives.

Achieved. Began an extensive programme to replace conventional lighting heads with LED. First full year of Solar PV generation on site with system generation exceeding anticipated output. Recycling of 50% of terminal waste. Coordination of, and participation in, the "Big Beach Clean-up" initiative around the airport.




5,000
USING THE TERMINAL DAILY
Drinking coffee, hiring a car, meeting friends, meeting family, saying goodbye, doing business - like a regular lounge!
NELSON AIRPORT
75 YEARS
Celebrations
NELSON AIRPORT
ABOVE AND BEYOND!

ANNUAL REPORT

For the Year Ended 30 June 2014

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 2014.

PRINCIPAL OBJECTIVE

Operate as a successful airport operating company.

DIRECTORS HOLDING OFFICE IN THE YEAR

Paul Steere (Chair) – Remuneration: $25,398

Annette Milligan – Remuneration: $3,795

Michael Higgins – Remuneration: $6,074

Paul McGuinness (Deputy Chair) – Remuneration: $15,370

Matthew Clarke – Remuneration: $14,337

Catherine Taylor – Remuneration: $10,845

Judene Edgar – Remuneration: $8,263

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
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

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
Red Wine Properties Limited – Director and Shareholder

Director - (Appointed 1 October 2013) - Catherine Taylor - Interests:
Life Flight Trust – Chairperson
Building Practitioners Board – Member
Biosecurity Ministerial Advisory Committee – Member

Director - (Appointed 5 December 2013) – 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

Director (Resigned 30 September 2013) - Annette Milligan- Interests:
Ramazzini Limited – Director
Network Tasman Ltd – Director
Nelson Independent Nursing Practice Limited – Director
Health Click Limited – Director
London Plane Co Limited – Director
Electric Education Limited - Director

Director – (Resigned 4 December 2013) - Michael Higgins - Interests:
Tasman District Council
Nelson Regional Sewerage Business Unit
TDC Enterprises Committee – Motueka Airfield

A 75th Anniversary Open Day was enjoyed by an estimated 10,000 people from our community.

BOARD ATTENDANCE LEVELS DURING THE YEAR WERE AS FOLLOWS:

DIRECTOR	POSITION	FULL YEAR TENURE	MEETINGS ATTENDED	OF A POSSIBLE
M Clarke	Director	Full Year	10	11
J Edgar	Director	Appointed 05/12/13	6	6
M Higgins	Director	Resigned 04/12/13	5	5
P McGuinness	Deputy Chair	Dep Chair from 29/10/13	9	11
Annette Milligan	Deputy Chair	Resigned 30/09/13	3	3
P Steere	Chair	Full Year	10	11
C Taylor	Director	Appointed 05/10/13	8	8

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

Employee remuneration and other benefits for the year ended 30 June 2014 is as follows:

Remuneration: $170,000 - $180,000
Number of Employees: 1

DONATIONS

Donations paid during the year were Nil (2013: Nil).

For and on Behalf of the Board:

Paul J Steere
Chairman

Paul McGuinness
Deputy Chair

Statement of Comprehensive Income

For the Year Ended 30 June 2014

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

	NOTE	BUDGET	2014	2013
Revenue	2	5,009,074	5,090,422	4,900,974
Operating costs	3a	2,248,947	2,144,182	2,059,382
Administration expenses	3b	854,158	856,129	772,761
		3,103,105	3,000,311	2,832,143
Operating Profit		1,905,969	2,090,111	2,068,831
Interest Revenue		134,976	158,651	129,152
Interest Expenditure		128,622	(129,781)	(128,068)
Net Financing Income		6,354	28,870	1,084
Gain on Sale of Fixed Assets		-	-	-
Investing Income		-	-	-
Profit before Tax		1,912,323	2,118,981	2,069,915
Income tax expense	4		593,661	579,845
Profit for the year after tax expense			1,525,320	1,490,070
Other Comprehensive Income			-	-
Total Comprehensive Income			1,525,320	1,490,070

Cashflow remained strong. Dividends for the 2013/14 year included a special dividend of $75,000 for each shareholder to celebrate the 75th Anniversary and contributed to the total $650,000 dividend paid.


Statement of Changes in Equity

For the Year Ended 30 June 2014

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

	NOTE	2014	2013
Opening Retained Earnings		7,034,233	6,044,163
Total Comprehensive Income for the year		1,525,320	1,490,070
Distributions to Equity Holders	9	(650,000)	(500,000)
Retained Earnings as at year end		7,909,553	7,034,233
Share Capital		2,400,000	2,400,000
Closing Equity as at year end		10,309,553	9,434,233

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

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

	NOTE	2014	2013
Assets			
Current Assets			
Trade and Other Receivables	7	628,642	613,885
Cash and Cash Equivalents	8&13	1,095,247	1,253,353
Other Financial Assets	13	3,584,756	2,524,560
Total Current Assets		5,308,645	4,391,798
Non Current Assets			
Property, Plant and Equipment	5	9,282,875	9,452,072
Intangible Assets	6	8,418	47
Total Non Current Assets		9,291,293	9,452,119
Total Assets		14,599,938	13,843,917
Liabilities			
Current Liabilities			
Trade and Other Payables	11	317,655	342,490
Current Income Tax Liability		177,531	207,578
Employee Entitlements		86,421	74,189
Interest Bearing Loans	10&13	3,001,604	1,487
Total Current Liabilities		3,583,211	625,744
Non Current Liabilities			
Deferred Tax	4	705,282	780,444
Interest Bearing Loans	10&13	1,892	3,003,496
Total Non Current Liabilities		707,174	3,783,940
Total Liabilities		4,290,385	4,409,684
Net Assets		**10,309,553**	**9,434,233**
Equity			
Issued Share Capital	9	2,400,000	2,400,000
Retained Earnings		7,909,553	7,034,233
Total Equity		**10,309,553**	**9,434,233**

For and on Behalf of the Board:

Paul J Steere, Chairman
1 September 2014

Paul McGuinness, Deputy Chair
1 September 2014

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2014

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

	NOTE	2014	2013
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from airport users		5,075,892	4,879,107
Interest received		155,466	108,177
		5,231,358	4,987,284
Cash was disbursed to:			
Payments to suppliers and employees		(2,309,803)	(2,158,327)
Interest paid		(128,702)	(129,558)
Income tax paid		(698,870)	(665,527)
Net GST Movement		(31,169)	29,607
		(3,168,544)	(2,923,805)
Net Cash Flows from Operating Activities	12	**2,062,814**	**2,063,479**
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of property, plant & equipment		-	10,000
Decrease in term deposit/other financial assets		2,587,928	-
		2,587,928	10,000
Cash was disbursed to:			
Increase in term deposit/other financial assets		(3,648,122)	(2,524,560)
Purchase of property, plant & equipment		(498,424)	(210,784)
Purchase of Intangible Assets		(10,815)	-
		(4,157,361)	(2,735,344)
Net Cash Flow from Investing Activities		**(1,569,433)**	**(2,725,344)**
Cash Flows from Financing Activities			
Cash was provided from:			
Cash was disbursed to:			
Dividends paid	9	(650,000)	(500,000)
Decrease in loans		(1,487)	(859)
Net Cash Flow from Financing Activities		(651,487)	(500,859)
Net increase/(decrease) in cash and cash equivalents		(158,106)	(1,162,723)
Opening cash and cash equivalents		1,253,353	2,416,076
Closing cash and cash equivalents		**1,095,247**	**1,253,353**


100
AIRCRAFT
MOVEMENTS
A DAY
Turbos. Choppers.
Light Aircraft. Jets.
Nelson's very own
air show!
NELSON
AIRPORT
75 YEARS
Celebrations
NELSON AIRPORT
ABOVE AND BEYOND!

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

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 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 2014. The financial statements were authorised for issue by Nelson Airport Limited on 1 September 2014.

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 and Financial Reporting 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.

Nelson Airport Limited has previously applied all recognition and measurement requirements and disclosure requirements of applicable NZ IFRS, including NZ IFRS 1: First-time adopting of New Zealand Equivalents to International Financial Reporting Standards. Therefore, in transition to Tier 2 and applying the reduced disclosure regime, Nelson Airport Limited is not required to apply NZ IFRS 1.

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.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to the Company, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2018. The Company has not yet assessed the effect of the new standard and expects it will not be early adopted.

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.

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% - 20.0% Straight line 4.0% - 10.0% Diminishing
Buildings	Terminal and hangars	1.6% - 33.0% Straight line 13.0% - 16.0% Diminishing
Infrastructure assets	Car parks, roads, water supply, storm-water and waste disposal	1.5% - 20.0% Straight line 7.5% - 8.0% Diminishing
Equipment	Parking meters, security and vehicles	6.7% - 21.0% Straight line 10.0% - 50.0% Diminishing
Fixtures and fittings	Furniture, computers, and fittings	5.0 – 12.6% Straight line 14.4% - 80.4% Diminishing

The residual value and useful life of assets is reassessed annually.

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.

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 profit or loss.

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

Computer Software:	3 - 5 Years

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 "loans & receivables". 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.

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.

2. OPERATING INCOME

	NOTE	2014	2013
Landing Charges		2,493,940	2,382,779
Terminal Leases		563,668	533,857
Building and Ground Lease		1,081,767	1,048,660
Car Parking Charges		933,367	918,730
Sundry Income		17,680	16,948
		5,090,422	4,900,974

3. EXPENSES

A. OPERATING COSTS

	NOTE	2014	2013
Depreciation		653,672	680,806
Amortisation of Intangible assets		2,444	42
Employee entitlements		627,261	587,822
Other operational expenses		846,856	790,712
Loss on disposal of fixed assets		13,949	-
		2,144,182	2,059,382

B. ADMINISTRATION COSTS

	NOTE	2014	2013
Auditor's remuneration			
Financial Statements Audit - Current Year		25,268	24,580
Disbursements		2,500	2,500
Directors' fees		84,082	81,000
Provision for impairment of trade receivables	7&13	186	-
Other administration expenses		744,093	664,681
		856,129	772,761

Our major revenue categories of Landing Charges, Leases and Parking Fees were all up for the year with further increases forecast for 2014/15.

4. INCOME TAX

COMPONENTS OF TAX EXPENSE

	NOTE	2014	2013
Current tax expense		668,824	625,838
Deferred tax expense		(75,163)	(49,580)
Under Provision for Tax in the Previous Year		-	3,587
		593,661	579,845

RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

	NOTE	2014	2013
Operating profit before taxation		2,118,981	2,069,915
Prima facie tax @ 28%		593,315	579,576
Adjustment for Timing & Taxation Differences		75,509	46,263
Adjustment for Deferred Tax		(2,669)	(6,017)
Adjustment for Deferred Tax – Building Depreciation		(72,494)	(43,564)
Provision for Tax in the Previous Year		-	3,587
Income tax expense		593,661	579,845

DEFERRED TAX

	NOTE	2014	2013
Property Plant and Equipment			
Opening Balance		(792,743)	(836,307)
Charged to Profit & Loss		72,494	43,564
Closing Balance		**(720,249)**	**(792,743)**
Employee Entitlements			
Opening Balance		12,298	6,282
Charged to Profit & Loss		1,448	6,016
Closing Balance		**13,746**	**12,298**
Other Provisions			
Opening Balance		-	-
Charged to Profit & Loss		1,221	-
Closing Balance		**1,221**	-
Total		**(705,282)**	**(780,445)**

IMPUTATION CREDIT ACCOUNT

	NOTE	2014	2013
Imputation Credits Available for use in / subsequent periods		4,362,112	3,947,077

Imputation balances as at year end are calculated to include imputation credits that will be paid or received from the provision of income tax and the payment or receipt of dividends that have been recognised at balance date.

5. PROPERTY PLANT AND EQUIPMENT

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	15,102,063	5,649,990	9,452,072	498,424	13,949	653,672	9,282,875

2013	Original Cost	Opening Accum Depn	Opening WDV	Additions	Disposals	Depn	Closing WDV
Land & Improvements	436,701	139	436,562	13,788	-	280	450,070
Airfield Infrastructure	5,544,774	1,055,137	4,489,637	95,514	-	267,214	4,317,936
Infrastructure	1,552,490	419,093	1,133,397	-	10,000	47,440	1,075,957
Buildings	6,399,732	2,879,538	3,520,194	76,810	-	268,441	3,328,563
Equipment	684,672	411,987	272,685	21,084	-	78,384	215,384
Furniture & Fittings	281,991	203,290	78,701	4,508	-	19,047	64,162
Capital Work in Progress	-	-	-	-	-	-	-
TOTAL FIXED ASSETS	14,900,359	4,969,184	9,931,175	211,704	10,000	680,806	9,452,072

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 2014, all property, plant and equipment are subject to a registered debenture to secure bank loans (Note 10).

6. Intangible Assets

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

2013	Original Cost	Accum Amortisation	Opening WDV	Additions	Disposals	Amortisation	Closing WDV
Software	8,475	8,386	89	-	-	42	47

7. Trade and Other Receivables

	NOTE	2014	2013
Trade Receivables		492,172	448,984
Trade Receivables (Related Parties)	16	-	15,779
Less: Provision for impairment	13	(5,027)	-
Accrued Debtors		32,333	34,953
Prepayments		41,763	38,100
Other Receivables		67,401	76,069
		628,642	613,885

8. Cash and Cash Equivalents

	NOTE	2014	2013
Cash on Hand		6,685	6,685
Bank Balance		1,088,562	243,466
Term Deposits (maturity less than 3 Months)		-	1,003,202
	13	1,095,247	1,253,353

In addition to the new fuel facility, Nelson Airport has developed an extensive northern area airside to cater for the future growth of the General Aviation sector.


2,000
ARRIVE AT
THE TERMINAL
DAILY
BOARDING PASS
Prime ministers, cabinet ministers, princes, presidents, all blacks, tall blacks, giants, makos, silver ferns, businessmen, businesswomen, sports teams, school parties and you!
NELSON AIRPORT
75 YEARS
Celebrations
NELSON AIRPORT
ABOVE AND BEYOND!

9. 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 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, and**

b) **that it will be no less than the previous years dividend.**

During the year dividends were declared and paid totalling $650,000 (2013: $500,000). This consisted of a special dividend declared on 29 November totalling $150,000 and a year end dividend of $500,000 declared on 26 June 2014.

10. INTEREST BEARING LOANS

	NOTE	2014	2013
Repayable as follows:			
Less Than 1 Year		3,001,604	1,487
Between 1 and 5 Years		1,892	3,003,496
		3,003,496	3,004,983

Three $1m loans with Westpac are secured by a registered debenture over assets and undertakings of the Company. Management extended the Multi Option Credit Line agreement with Westpac in 2012 for a further three years to 2015 for each of the individual $1m loans within the agreement.

Interest rates applying at balance date were in the range of 4.8% to 5.10%, (2013: 4.10% to 4.20%).

During 2012 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 2 years. The interest rate over the life of the hire purchase is 18.96%.

The net carrying amount of the lease at year end is $3,496, and is repayable as follows:

Less Than 1 Year		1,604	1,487
Between 1 and 5 Years		1,892	3,496
		3,496	4,983

11. TRADE AND OTHER PAYABLES

	NOTE	2014	2013
Trade Payables		132,034	133,030
Trade Payables (Related Parties)	16	18,340	6,464
Accruals		40,065	48,079
GST Liability		77,622	110,291
Lease Income In Advance		49,594	44,626
		317,655	342,490

Nelson Airport Limited has an operating expense commitment to Willis New Zealand Limited in connection with insurance for 2015 of $121,110. At balance date an offset has been recognised.

Capacity on the recently established Palmerston North route is forecast to increase with the Beechcraft 19 seat aircraft currently serving the route being replaced by the larger Q300 50 seat aircraft.

12. RECONCILIATION OF REPORTED PROFIT AFTER TAX WITH CASH FLOWS FROM OPERATING ACTIVITIES

	NOTE	2014	2013
Net profit for the year		1,525,320	1,490,070
Add/(less) non cash and non operating items:			
(Gain)/Loss on Disposal of assets		13,949	-
Depreciation and Amortisation		656,116	680,806
Impairment of trade receivables		(5,027)	-
Movement in deferred taxation		(75,163)	(49,580)
Movement in working capital:			
(Increase)/Decrease in receivables		(9,730)	(106,204)
Increase/(Decrease) in current tax payable		(30,047)	(36,102)
Increase/(Decrease) in payables		(12,604)	85,366
Net cash flows from operating activities		2,062,814	2,063,479

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-).

Maximum exposures to credit risk at balance date are:

CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	NOTE	2014	2013
Cash and cash equivalents	8	1,095,247	1,253,353
Short-term deposits with maturities of <3 months		1,150,000	-
Short-term deposits with maturities of 4-12 months		2,434,756	2,524,560
		3,584,756	2,524,560

TRADE RECEIVABLES

	NOTE	2014	2013
Trade Receivables		487,145	448,984
Trade Receivables (Related Parties)		-	15,779
		487,145	464,763

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:

	2014		2013	
	Gross receivable	Impairment	Gross receivable	Impairment
Not past due	466,460	37	447,708	-
Past due 0-30 days	12,663	112	8,624	-
Past due 31-90 days	8,035	37	4,411	-
Past due > 90 days	5,014	4,841	4,020	-
Trade receivables	492,172	5,027	464,763	-

PROVISION FOR IMPAIRMENT

	NOTE	2014	2013
At 1 July		-	-
Additional Provision made during the year		5,060	-
Provision reversed during the year		-	-
Receivables written-off during the year		(33)	-
Provision for Impairment		5,027	-

Nelson Airport continues to facilitate theTop of the South Aviation Cluster encouraging new and supporting existing aviation business in our area.

CONCENTRATIONS OF CREDIT RISK

The Company's largest customer accounts for 46.98% of total sales (2013: 52.43%) and 42.35% of trade receivables (2013: 69.47%) at balance date. The Company does not have any other significant concentrations of credit risk.

INTEREST RATE RISK

The Company manages its investment return by investing in short term deposits of less than one year according to the cash requirements of the business and interest rates offered. The Company manages its cost of borrowing by placing limits on the proportion of borrowings at the floating rate, and the proportion of fixed rate borrowing that is repriced in any year. Interest rates on borrowings are fixed for a minimum of three months, at staggered intervals, on the three term loans of $1,000,000.

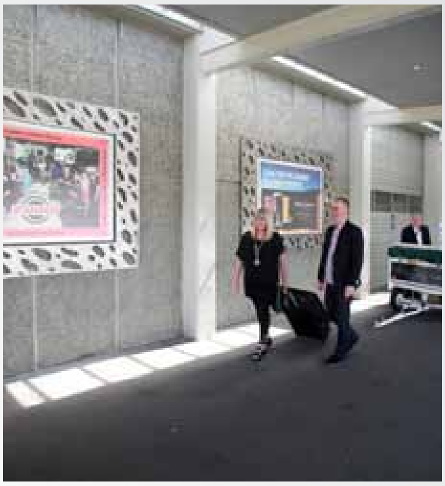
CREDIT FACILITIES

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

The multi-option facility has the following covenants attached:

a. **Interest cover – earnings ratio to be maintained at greater than two times funding cost.**

b. **Equity ratio to be maintained at greater than 40% of adjusted tangible assets.**



RE-PRICING ANALYSIS

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

	2014 Effective Interest Rate	2014 Within 12 months	2014 Between 1-5 Years	2013 Effective Interest Rate	2013 Within 12 months	2013 Between 1-5 Years
Assets Term Deposits	4.00-4.63%	3,584,756	-	3.95-4.26%	3,527,762	-
Liabilities Bank Loans	4.80-5.10%	(3,000,000)	-	4.10-4.20%	-	(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 rates and maintenance costs to the NCC amounting to $380,728 (2013:$310,780) and the balance included as owing in trade payables as at 30 June 2014 was $7,215 (2013:$65).

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 $ 83,885 (2013:$79,680) and the balance included as owing in trade payables as at 30 June 2014 was $11,125 (2013:$6,044).

Tourism Nelson Tasman Limited is jointly owned by Nelson City Council and Tasman District Council. The Company paid costs to Tourism Nelson Tasman Limited amounting to $150 (2013:$11,724) and the balance included as owing in trade payables as at 30 June 2014, was Nil (2013: 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 $417 (2013:$420) and the balance owing in trade payables as at 30 June 2014 was nil (2013:$420).

SHORT-TERM EMPLOYEE BENEFITS

	2014	2013
Key management team compensation	263,611	252,060

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 capital commitments contracted to Land Dimensions in connection with the Terminal Access Project of $135,775.50 as at 30 June 2014 $31,580 of this has been recognised.

There is a commitment to Fitzgerald Construction Limited in connection with Hangar 2 roof access to the value of $7,440. At balance day none of this work had been recognised.

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 2014 lease revenue received in association with the non – cancellable operating lease arrangements amounted to $1,645,435 (2013:$ 1,582,518).

Lease revenue for future years is expected as follows:

Due within 12 months	Due Between 1-5 years	Due thereafter	Total
$1,363,953	$3,104,797	$1,658,852	$6,127,602

19. CONTINGENCIES

There are no known contingencies as at 30 June 2014 (2013: Nil).

20. EVENTS AFTER BALANCE DATE

There are no significant events after balance date that has effected the financial position of the Company.

21. SHAREHOLDERS' STATEMENT OF INTENT

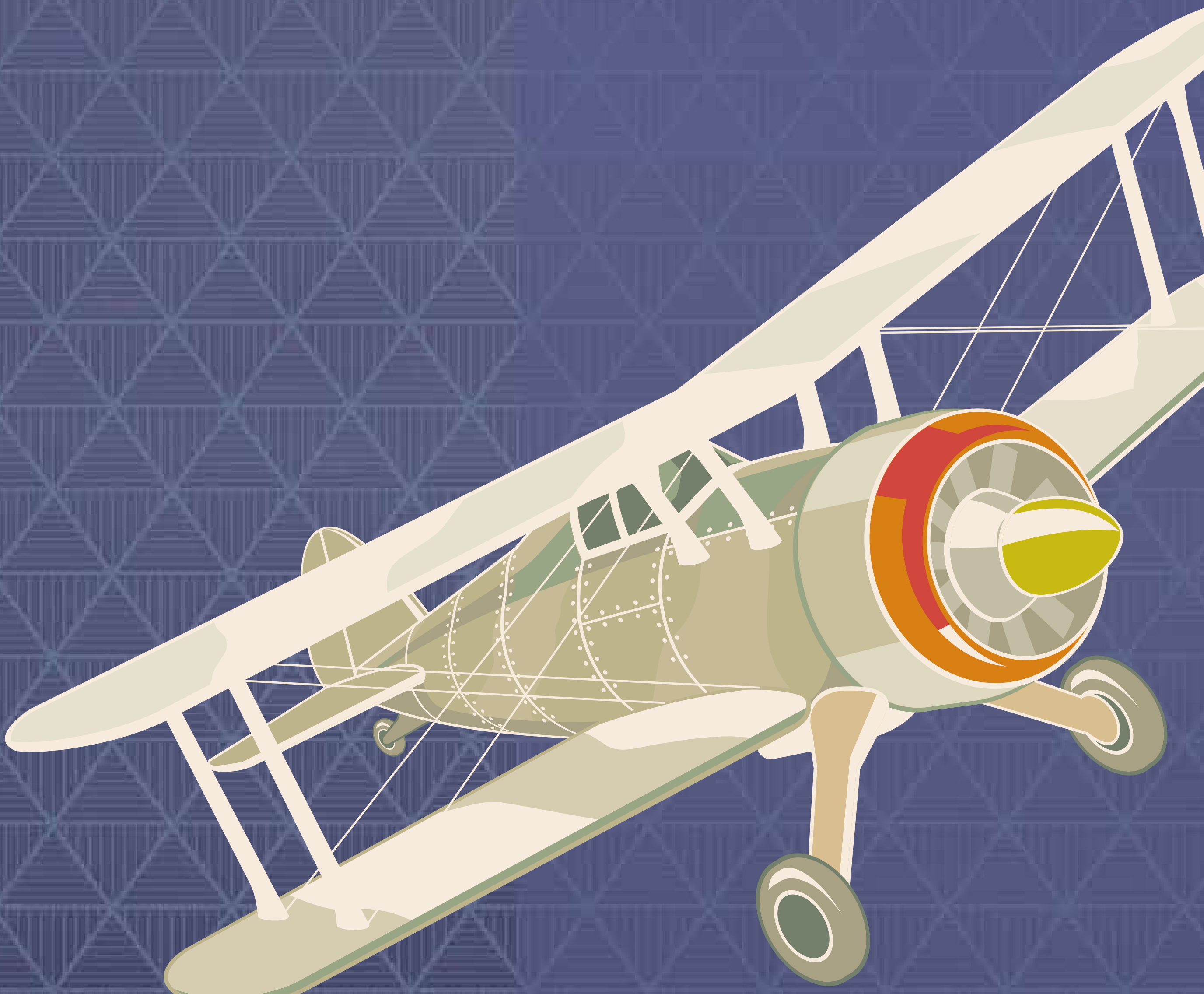
Nelson Airport Limited is required to deliver a completed Statement of Intent to its shareholders by 30 June 2014 under Part 3(b) of Schedule 8 of the Local Government Act 2002. The 2014 Statement of Intent was completed and forwarded to Nelson Airport Limited's shareholders by 23 June 2014.

The new Terminal Access Plan will provide more efficient movement of traffic, greater safety for pedestrians and increased security around the terminal front.

MAJOR PLAN TO IMPROVE SAFETY, SECURITY AND EFFICIENCY FOR USERS

TERMINAL & PARKING ACCESS

More cause for Celebrations!



Nelson Airport
LIMITED

9386 Dry Crust Communications