

2014 Disclosure Financial Statements

Dunedin International Airport Limited



Dunedin International Airport Limited
Identified Airport Activities
Disclosure Financial Statements

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company particulars

Directors

S J McLauchlan, BCom, FCA(PP), AF Inst D (Chairman, Member – Audit Committee)
K E Grant, BA, LLB, Dip Law, M Inst D (Chairperson – Audit Committee)
P A Oakley, BCom, M Inst D
M Rogers, BA(Hons), M Inst D, MNZIM

Chief Executive

F J McCall, AFNZIM, M Inst D

General Manager Finance & Business Performance

P Ford, B Com, CA, M Inst D

General Manager Infrastructure & Service Delivery

R Roberts, BEng (Hons)

Marketing and Communications Manager

M Crawford, BA BCom

Registered Office

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Dunedin International Airport
Private Bag 1922
DUNEDIN

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Facsimile 03-486 2813
E-mail admin@dnairport.co.nz
Website www.flydunedin.com

Banker

Westpac
101 George Street
DUNEDIN

Solicitors

Galloway Cook Allan
276 Princes Street
DUNEDIN

Auditor

Scott Tobin of Audit NZ
On behalf of the Auditor-General

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airlines using dunedin international airport

FOR THE YEAR ENDED 30 JUNE 2014

Airline

Aircraft Type

DOMESTIC

Air New Zealand
Air New Zealand
Mount Cook Airline
Air Nelson
Jetstar

Boeing 737-300
Airbus 320-200
ATR 72
Dash 8-300
Airbus 320-200

INTERNATIONAL

Virgin Australia

Boeing 737-800

CHARTER, FLIGHT TRAINING AND COMMUTERS

Mainland Air Services

Cessna 152
Cessna 172
Piper PA31-350 Chieftain
Piper PA34-200 Seneca
Socata TB10 Tobago

FREIGHT SERVICES

New Zealand Post - Airpost Fairchild Metroliner

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chairman report

The Directors have pleasure in presenting the Disclosure Financial Statements of Dunedin International Airport Corporation Limited (the Company) for the year ended 30 June 2014. These statements present the results of the aeronautical operations of the Company and additional information and have been prepared for the purposes of, and in accordance with the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

1. Board of Directors

The Directors of the Company during the year under review were:

S J McLauchlan, BCom, FCA(PP), AF Inst D (Chairman, Member – Audit Committee)

K E Grant, BA, LLB, Dip Law, M Inst D (Chairperson – Audit Committee)

P A Oakley, BCom, M Inst D

Mark Rogers, BA (Hons), M Inst D, MNZIM

2. Principal Activities of the Company

The principal activity of the Company during the year was airport operator.

There has been no material change in the Company's business that the Company is engaged in, during the year that is material to an understanding of the Company's business.

For and on behalf of the Board



Stuart McLauchlan
Chairman

27 November 2014

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statement of comprehensive income
For the year-ended 30 June

	Notes	2014	2013 (restated)
Operating revenue		6,367,186	6,487,569
Total revenue		6,367,186	6,487,569
Audit fees	4	32,373	46,418
Directors fees		52,909	49,454
Finance costs – interest expense		968,676	1,153,323
Depreciation		2,027,381	1,756,565
Employee Benefit Expense		1,110,014	964,085
Runway maintenance		315,963	634,520
Other operating expenses		987,273	1,044,282
Total expenses		5,494,589	5,648,647
Operating surplus/(deficit) before income tax		872,597	838,922
Income tax expense/(credit)	5	222,804	143,196
Operating surplus/(deficit) after income tax		649,793	695,726
Other comprehensive income			
Property revaluation	7,15	-	548,827
Cash flow hedges gain/(loss) taken to equity		350,077	421,692
Income tax on items of other comprehensive income	5	(112,351)	(271,245)
Total comprehensive income/(deficit)		887,519	1,394,499

statement of changes in equity

For the year-ended 30 June

Equity at the beginning of the year		23,710,527	22,491,710
Comprehensive income/(deficit) for the year		887,519	1,394,499
Less distribution to owners			
- Final dividend	8	(406,072)	(175,682)
Closing equity		24,191,974	23,710,527

These statements are to be read in conjunction with the notes on pages 7 to 26

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balance sheet
As at 30 June

	Notes	2014	2013 (restated)
Shareholders' equity			
Share capital	6	5,328,475	5,328,475
Hedge reserve	7	(148,566)	(386,292)
Revaluation reserve	7	13,575,202	13,575,202
Retained earnings	9	5,436,863	5,193,142
		24,191,974	23,710,527
Current liabilities			
Trade & other payables	10	353,441	285,627
Current loans	14	-	302,754
Other liabilities	11	65,751	79,585
Provisions	12	81,742	85,551
Hedge derivatives		56,257	-
		557,191	753,517
Non-current liabilities			
Term loans	14	12,130,274	13,621,024
Deferred taxation	15	10,196,423	10,616,639
Hedge derivatives		197,401	654,909
		22,524,098	24,892,572
Total equity & liabilities		47,273,263	49,356,616
Represented by:			
Current assets			
Trade & other receivables	16	401,510	525,978
Prepayments	17	12,384	7,478
Cash & cash equivalents	13	468,771	31,065
		882,665	564,521
Non-current assets			
Property, plant & equipment	18	46,166,181	47,812,307
Deferred taxation	15	224,417	979,788
		46,390,598	48,792,095
Total assets		47,273,263	49,356,616

For and on behalf of the directors.



S J McLauchlan
Chairman
27 November 2014



K E Grant
Director

These statements are to be read in conjunction with the notes on pages 7 to 26

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notes to financial statements
For the year-ended 30 June 2014

1. ESTABLISHMENT

Dunedin Airport Limited, is a NZ registered and domiciled company which was established under the Airport Authorities Act 1966 and incorporated on 30 September 1988. The Company changed its name to Dunedin International Airport Limited on 22 December 1999.

The Company purchased assets from the Dunedin Airport Authority on 1 November 1989 and commenced trading 1 November 1989.

2. REPORTING ENTITY

The financial statements presented here are for the reporting entity Dunedin International Airport Limited (the Company).

Dunedin International Airport Limited was established under the Airport Authorities Act 1966 and incorporated in New Zealand under the Companies Act 1993.

The registered address of the Company is Terminal Building, Dunedin International Airport, Momona, Dunedin.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest dollar.

The disclosure financial statements are presented in accordance with the Airport Authorities Act 1966 as amended by the Airport Authorities Amendment Act 1997 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 ("Regulations").

The disclosure financial statements are for the reporting entity's Identified Airport Activities. Identified Airport Activities are defined as:

Airfield activities means the activities undertaken (including the facilities and services provided) to enable the landing and take-off of aircraft and includes:

- a) The provision of any one or more of the following:
 - (i) Airfields, runways, taxiways, and parking aprons for aircraft
 - (ii) facilities and services for air traffic and parking apron control
 - (iii) Airfield and associated lighting
 - (iv) Services to maintain and repair airfields, runways, taxiways and parking aprons for aircraft
 - (v) Rescue, fire, safety and environmental hazard control services
 - (vi) Airfield supervisory and security services
- b) The holding of any facilities and assets (including land) acquired or held to provide airfield activities in the future (whether or not used for any other purpose in the meantime).

Aircraft and freight activities means the activities undertaken (including the facilities and services provided) to enable, within a security area or areas of the relevant airport, the servicing and maintenance of aircraft and the handling of freight transported, or to be transported, by aircraft and includes:

- a) provision within a security area of areas or the relevant airport, of any one or more of the following:
 - (i) Hangars

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- (ii) Facilities and services for the refuelling of aircraft, flight catering and waste disposal
 - (iii) Facilities and services for the storing of freight
 - (iv) Security, customs and quarantine services for freight
- b) holding of any facilities and assets (including land) acquired or held to provide aircraft and freight activities in the future (whether or not used for any other purpose in the meantime).

Specified passenger terminal activities (specified terminal) means the activities undertaken (including the facilities and services provided) in relation to aircraft passengers while those passengers are in a security area or areas of the relevant airport and includes:

- a) provision, within a security area or security areas of the relevant airport of any one or more of the following:
 - (i) Passenger seating areas, thoroughfares and air bridges
 - (ii) Flight information and public address systems
 - (iii) Facilities and services for the operation of customs, immigration and quarantine checks and control
 - (iv) Facilities for the collection of duty-free items
 - (v) Facilities and services for the operation of security and police services
- b) Any activities undertaken (including the facilities and services provided) in a passenger terminal to enable the check in of aircraft passengers, including services for baggage handling.
- c) The holding of any facilities and assets (including land) acquired or held to provide specified passenger terminal activities in the future (whether or not used for any other purpose in the meantime) but does not include the provision of any space for retail activities. Each segment also includes an allocation of supporting infrastructure. Also included in each of the above Identified Airport Activities are assets specifically held for use in that activity.

The numbers presented in these financial statements are for the Identified Airport Activities unless it is stated they are for the Company.

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP), the Airport Authorities Act 1966 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, which includes the requirement to comply with NZ GAAP.

The Company qualifies for Differential Reporting exemptions as it does not have public accountability and it is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted with the exception of NZ IAS-12 '*Income Taxes*' with which the Company has fully complied.

These financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities that qualify for and apply differential reporting concessions, except in so far as the Regulations require reporting solely on the activities of the Company comprising Identified Airport Activities and segment reporting of those Identified Airport Activities under Statement of Standard Accounting Practice 23: Financial Reporting for Segments (SSAP 23).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and certain items of property, plant and equipment.

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

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3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as Lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign Currencies

Transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. The Company does not hold non-monetary assets and liabilities denominated in foreign currencies.

In order to hedge its exposure to certain foreign exchange risks, the Company may enter into forward contracts and options (see below for details of the Company's accounting policies in respect of such derivative financial instruments).

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (ie. an asset that necessarily takes a substantial period to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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Employee Entitlements

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at appropriate rates of pay.

Payments made to a defined contribution retirement benefit scheme are dealt with as an expense when they fall due.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, Plant and Equipment

Property, Plant and Equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis.

Land and buildings are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

Any revaluation increase is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying

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amount arising on the revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Plant and Equipment are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Self-constructed assets include the direct cost of construction including borrowing costs to the extent that they relate to bringing the Property, Plant and Equipment to the location and condition for their intended service.

Depreciation is charged so as to write off the cost of assets, other than land and capital work in progress, on the straight-line basis. Rates used have been calculated to allocate the asset's cost less estimated residual value over their estimated remaining useful lives.

Depreciation of capital work in progress commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation rates and methods used are as follows:

	<i>Rate</i>	<i>Method</i>
Runway, apron and taxiway	3% - 6.66%	SL
Buildings	1% - 33.3%	SL
Machinery & plant	4% - 10%	DV & SL
Motor Vehicles	20% - 25%	DV
Fixtures, fittings, office and computer equipment	20% - 40%	DV

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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 as income immediately.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and Cash Equivalents

In the statement of cashflows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Receivables

Receivables are stated at cost less any allowances for estimated irrecoverable amounts.

Loans and Other Receivables

Loans and other receivables are financial instruments that are measured at amortised cost using the effective interest method. This type of financial instrument includes cash and bank balances, and demand deposits.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including directly attributable transaction costs.

Investments in Equity Securities

Investments in equity securities are designated as financial assets at fair value through profit or loss. Any resultant gains or losses are recognised in the income statement.

Financial Liability and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Payables

Payables are stated at cost.

Term Loans

Term loans are initially recorded at fair value net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the Income Statement using the effective interest

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method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Company's activities expose it primarily to the financial risks of changes in interest rates resulting in variation of cash flows on floating rate debt. The Company uses interest rate swaps to hedge these exposures.

The Company does not use derivative financial instruments for speculative purposes. However, derivatives that do not qualify for hedge accounting, under the specific NZ IFRS rules, are accounted for as trading instruments.

The use of financial derivatives of the Company is governed by the interest rate hedge accounting policy approved by the Board of directors. The policies provide written principles on the use of financial derivatives.

Derivative financial "instruments are recognised initially at fair value. Subsequent to initial recognition derivative financial instruments are remeasured to fair value.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the Income Statement. For a cash flow hedge amounts deferred in equity are recognised in the Income Statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Income Statement for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the Income Statement.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditures required to settle the obligation at the Balance Sheet date, and are discounted to present value when the effect is material

Segment Reporting

For the purposes of reporting in accordance with SSAP 23: Financial Reporting for Segments, under the Regulations an industry segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular country or groups of countries and is subject to risks and returns that are different than those of segments operating in other country or groups of countries. The company does report identified activities as required under Airport Authorities Act but these do not meet the industry segment test.

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4. AUDIT FEES

	Notes	2014	2013
Audit Fees			
Fees for audit services – Audit NZ		17,373	21,910
Fees for audit of disclosure accounts – Audit NZ		15,000	9,390
– Pricewaterhouse Coopers		-	15,118
		32,373	46,418

On behalf of the Auditor General, Audit NZ are the auditors of the Company.

5. TAXATION PROVISION

(a) Income tax

Operating surplus/(deficit) before income tax		872,597	838,922
Taxation @ 28%		244,327	234,898
<i>Plus / (Less) the tax effect of differences</i>			
Expenses not deductible		875	9,268
Transfer assets to/(from) specified activities		-	(226,702)
Gain on investment		-	-
Under / (over) tax provision		(22,398)	125,732
Tax effect of differences		(21,523)	(91,702)
Tax expense (credit)		222,804	143,196
Effective tax rate		26%	17%
Represented by			
Current tax provision		-	-
Deferred tax provision		222,804	143,196
Income tax expense		222,804	143,196

2013 tax has been restated due to a prior period error, note 32.

(b) Tax on Other Comprehensive Income

Property Revaluation Reserve:			
Deferred Tax		-	(153,671)
Hedge Reserve:			
Deferred tax		(112,351)	(118,074)
		(112,351)	(271,745)

(c) Imputation Credit Account (whole company)

Imputation credits available for use in subsequent periods		3,149,000	2,448,000
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The imputation credit balance relates to Dunedin International Airport Limited as a tax paying entity and includes balances relating to items which may not be reported in these disclosure statements.

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	2014	2013
6. EQUITY – SHARE CAPITAL		
<i>Issued Capital</i>		
5,328,475 ordinary authorised and issued shares	5,328,475	5,328,475
All shares have equal voting rights and share equally in dividends and any surplus on winding up. There are no par values for these shares.		
7. RESERVES		
a) Hedging Reserve		
Balance at beginning of year	(386,292)	(689,910)
Net Revaluations included in other comprehensive income	350,077	421,692
Deferred tax arising on hedges	(112,351)	(118,074)
Balance at 30 June	(148,566)	(386,292)
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest payments that have not yet occurred.		
b) Revaluation Reserve		
Balance at beginning of year	13,575,202	13,180,046
Property Revaluations included in other comprehensive income	-	548,827
Deferred tax arising on revaluations	-	(153,671)
Balance at 30 June	13,575,202	13,575,202
The properties revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained profits. The adjustment for revaluation in 2013 represents a transfer of asset into specified activities in the prior year.		
8. DIVIDENDS		
Final Dividend	406,072	175,682
	406,072	175,682
Dividends Per Share	7.6 cents	3.3 cents
9. RETAINED EARNINGS		
Balance at beginning of year	5,193,142	4,673,098
Net profit / (loss) for the year	649,793	695,726
Dividend distributions	(406,072)	(175,682)
Balance at 30 June	5,436,863	5,193,142
10. TRADE & OTHER PAYABLES		
Trade payables	263,045	193,278
Accruals	90,396	92,349
	353,441	285,627
11. OTHER LIABILITIES		
<i>Current Liabilities</i>		
GST payable	58,067	34,853
Other current liabilities	7,684	44,732
	65,751	79,585

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	2014	2013
12. PROVISIONS		
(a) Annual Leave		
Balance at the beginning of the year	85,551	71,149
Amounts used	(91,181)	(68,605)
Amount accrued	87,372	83,007
	<hr/>	
Balance at 30 June	81,742	85,551

Annual leave relates to staff leave not yet taken and is expected to be used in the next 12-18 months.

13. CASH		
Cash floats	6,400	4,180
Westpac cheque account	(10,874)	23,422
Short term deposits are as follows:		
On call	473,245	3,463
	<hr/>	
Balance at 30 June	468,771	31,065

The carrying amount of cash assets approximates their fair value.

14. TERM BORROWINGS (Secured)		
Wholesale term loan - term	12,130,274	13,621,024
Wholesale term loan – current	-	302,754
	<hr/>	
Balance at 30 June	12,130,274	13,923,778

Comparison of Borrowings for the Whole Company

	Statutory Financials 2014 \$	Disclosure Financials 2014 \$
Finance costs	1,221,533	968,676
Borrowings (secured):		
Current	-	-
Non-current	15,500,000	12,130,274
	<hr/>	
	15,500,000	12,130,274

(a) Westpac has provided a Wholesale Term Loan of \$18 million with a maturity date of 1 August 2016 and multi option credit line facility of \$3 million with a maturity date of 30 September 2015. The Westpac Banking Corporation holds as security for the advances a first mortgage over the property of the Company and a negative pledge over all other assets. The Company uses interest rate swaps to manage its exposure to interest rate movements.

(b) Banking covenants relating to the term loan are:
 -- Shareholders funds are not less than 40% of total tangible assets.
 -- Earnings (E.B.I.T.) are not less than 1.7 times funding costs.

Both requirements have been met at 30 June 2014 and monthly during the financial year.

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15. DEFERRED TAX

(a) 2014	Opening	Charged	Charged	Closing Balance Sheet		
	Balance	to Equity	to Income	Assets	Liabilities	Net at 30 June 2014
Property, plant and equipment	(10,616,639)		420,216		(10,196,423)	(10,196,423)
Employee benefits	21,622	-	(899)	20,723		20,723
Revaluations of interest rate swaps	183,375	(112,351)	-	71,024	-	71,024
Losses Carried Forward	774,791	-	(642,121)	132,670	-	132,670
Balance	(9,636,851)	(112,351)	(222,804)	224,417	(10,196,423)	(9,972,006)

(b) 2013	Opening Balance	Charged to Equity	Charged to Income	Assets	Liabilities	Net
Property, plant & equipment	(9,494,613)	(153,671)	(968,354)	-	(10,616,639)	(10,616,639)
Employee benefits	14,522	-	7,100	21,622	-	21,622
Revaluation for interest rate swaps	258,182	(118,074)	43,267	183,375	-	183,375
Losses carried forward	-	-	774,791	774,791	-	774,791
Balance at 30 June	(9,221,909)	(271,745)	(143,196)	979,788	(10,616,639)	(9,636,851)

2013 deferred tax has been restated due to a prior period error, note 32.

16. TRADE & OTHER RECEIVABLES

Trade receivables	401,510	525,978
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The directors consider that the carrying amount of the trade receivables approximates their fair value. Debtors overdue by 30 days or more for the whole company at 30 June 2014 were \$67,519, 11.7% of trade receivables (2013, \$96,780, 18.4%).

17. PREPAYMENTS

NZ Airports Association membership	12,384	7,478
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18. PROPERTY, PLANT & EQUIPMENT

(a) 2014	Runway, Apron, Taxiway		Buildings	Plant & Equipment	Office Equipment	Motor Vehicles	Total
	Land						
Cost or Valuation	2,360,902	28,432,322	14,247,046	5,366,463		347,672	50,754,405
Accumulated Depreciation		2,874,176	907,927	755,945	-	50,176	4,588,224
Balance at end of period	2,360,902	25,558,146	13,339,119	4,610,518		297,496	46,166,181

(b) 2013	Runway, Apron, Taxiway		Buildings	Plant & Equipment	Office Equipment	Motor Vehicles	Total
	Land						
Cost or Valuation	2,363,986	28,290,323	14,173,391	5,342,694		202,756	50,373,150
Accumulated Depreciation	-	1,604,175	506,744	421,919	-	28,005	2,560,843
Balance at end of period	2,363,986	26,686,148	13,666,647	4,920,775		174,751	47,812,307

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- (c) Land, buildings and airside pavements were revalued at 30 June 2012 by independent registered valuers, Telfer Young (Canterbury) Limited and Opus International Consultants Limited. The total fair value of these assets at 1 July 2012, the effective date of the revaluation, was \$45,168,155. Land was valued by reference to market sales, market comparison and investment valuation. Buildings were valued by using the Optimised Depreciated Replacement Cost (O.D.R.C.) methodology. The specialised assets being runway, taxiways, aprons and infrastructure assets were valued using the Optimised Depreciated Replacement Cost (O.D.R.C.) methodology.
- (d) If land, land improvements, buildings, building fit-outs, runway, taxiway and apron pavements were stated on the historical cost basis, the carrying value of these classes would be \$31,012,394 (2013 \$35,974,342).

(e) **Segment Assets**

	Specified Terminal	Airfield	Aircraft and Freight	Total
2014	\$18,502,166	\$ 26,489,868	\$1,174,147	\$46,166,181
2013	\$19,089,636	\$27,471,098	\$1,251,573	\$47,812,307

19. CONTINGENT LIABILITIES

There were no other contingent liabilities outstanding at 30 June 2014 (2013 nil).

20. CAPITAL AND OTHER COMMITMENTS (whole company)

Capital and other expenditure not provided for in the accounts at 30 June 2014 was \$NIL (2013 \$Nil).

21. FINANCIAL REPORT STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of accounting standards have been issued but as they are not yet compulsory they have not been applied to this set of accounts. The standard to be applied to future financial statements is NZ IFRS 9. NZ IAS 39 is being replaced by IFRS 9 through three phases: phase 1 classification and measurement, phase 2 impairment methodology and phase 3 hedge accounting. The new standard is required to be adopted for the year ended 30 June 2016.

The impact of this standard when adopted is not expected to have a material impact on the financial statements.

22. RELATED PARTY TRANSACTIONS (WHOLE COMPANY)

- (a) The shareholders of the Company are The Crown and Dunedin City Holdings Limited, which is wholly owned by the Dunedin City Council. Each owns 50%.
The Company undertakes many transactions with State Owned Enterprises, Government Departments and Dunedin City Council Controlled enterprises. These are carried out on an arm's length commercial basis. Businesses in which directors and key management personnel have a substantial interest and which provided services/supplies to the Company on an arm's length commercial basis during the year were:

Southern Sinfonia (K Grant – board member) – sponsorship
Tourism Dunedin (J McCall & P Oakley – trustees) – tourism promotions
Delta Utilities Limited (S McLauchlan – director) – ground maintenance
Dunedin City Holdings Limited (K Grant – director)

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- (b) Transactions with entities in which directors and key management personnel have an interest with details of purchases for the year and balances owing at 30 June being as follows:

Annual Purchases	Owing at 30 June			
	2014	2013	2014	2013
Southern Sinfonia (K Grant – board member)	1,265	1,150	-	-
Tourism Dunedin (J McCall & P Oakley – trustees)	14,412	11,500	11,626	-
Delta Utilities Limited (S McLauchlan – director)	50,314	49,932	8,099	3,799

- (c) Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was:

	2014	2013
Short-term benefits	776,614	666,134

The remuneration of directors is agreed annually, after consultation with the shareholders, and approved at the Company's annual meeting.

The remuneration of the Chief Executive is determined by the Board and the remuneration of key management personnel is determined by the Chief Executive having regard to the performance of individuals and market trends.

	Annual Purchases Owing at 30 June			
	2014	2013	2014	2013
(d) Dunedin City Council rates & services	274,345	251,696	1,314	695

23. SUBSEQUENT EVENTS (WHOLE COMPANY)

There were no significant events after balance sheet date.

24. SEGMENT INFORMATION

The company is located in one geographic segment in Dunedin, New Zealand, and operates in the airport industry. The company earns revenue from aeronautical activities and other charges and rents associated with operating an airport.

Management have assessed the activities of Dunedin International Airport Limited and allocated them to segments as required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

The Company is required to present segmented information for three specified airport activities. These activities are defined in the Airport Authorities Act 1966 and subsequent amendments.

2014

	Airfield	Aircraft & Freight Activities	Specified Terminal	Total
	\$	\$	\$	\$
Operating Revenue	3,386,427	248,142	2,732,617	6,367,186

Expenses

Operating Expenses (Including Admin Costs)	379,131	47,732	560,410	987,273
Employee Benefits Expense	790,424	11,183	308,407	1,110,014
Depreciation Expense	1,341,970	77,427	607,984	2,027,381
Directors Fees	30,359	1,346	21,204	52,909
Audit Fees	18,576	823	12,974	32,374
Finance Costs	553,354	28,095	387,226	968,676

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Runway Maintenance	315,963	-	-	315,963
Total expenses	3,429,777	166,606	1,898,206	5,494,589
Segment operating surplus (deficit) before income tax	(43,350)	81,536	834,411	872,597
Income tax expense/ (credit)				222,804
Net operating surplus (deficit) after income tax				649,793
Total assets	27,298,824	1,191,937	18,782,502	47,273,263
Average number of full-time staff equivalents	10.75	0.5	4.25	15.5

2013

	Airfield	Aircraft & Freight Activities	Specified Terminal	Total
	\$	\$	\$	\$
Operating Revenue	3,416,153	314,129	2,757,286	6,487,569
Expenses				
Operating Expenses (Including Admin Costs)	338,754	40,803	664,726	1,044,282
Employee Benefits Expense	679,868	9,557	274,661	964,085
Depreciation Expense	1,082,848	76,536	597,181	1,756,565
Directors Fees	28,440	1,264	19,750	49,454
Audit Fees	26,694	1,186	18,538	46,418
Finance Costs	663,161	29,986	460,176	1,153,323
Runway Maintenance	634,520	-	-	634,520
Total expenses	3,454,285	159,332	2,035,030	5,648,647
Segment operating surplus (deficit) before income tax	(38,132)	154,797	722,256	838,922
Income tax expense/ (credit)				143,196
Net operating surplus (deficit) after income tax				695,726
Total assets	28,380,069	1,283,272	19,693,275	49,356,616
Average number of full-time staff equivalents	10.88	0.13	6	17.01

Dunedin International Airport Limited

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25. ALLOCATION METHODOLOGY USED IN THE PREPARATION OF THESE STATEMENTS

Expenditure Categories and Allocation

Expenditure falls into one of the following categories:

- Direct operational costs are incurred solely by Identified Airport Activities, or another business unit of the airport, and have been allocated directly to the area affected.
- Indirect operational costs are either incurred by a number of Identified Airport Activities, or in conjunction with other business units. The company primarily allocates indirect costs on a share of space attributable to each activity in the terminal building, consistent with the most recent consultation. Each year an analysis is made for space in the terminal building attributed to Identified Airport Activities versus non-Identified Airport Activities.
- Non-operational costs have been allocated to the Identified Airport Activities on the following basis:
 - Depreciation allocated across segments consistent with the methodology used for assets (see below).
 - Interest expense is allocated to segments consistent with the methodology used for debt (see below).
 - Taxation is allocated based on a consistent allocation methodology applied to the relevant assessable expenses, for asset allocation (see below) and expenses (see above).Expense items are generally analysed at the business unit level, however further analysis is conducted where significant costs within a business unit are known to have a different driver.

Allocation of Assets

The company maintains a detailed property, plant and equipment register. Each asset has been either coded directly to an Identified Airport Activity, a non-Identified Airport Activity or allocated using a specific rule. Where assets are allocated to a number of segments, they have been apportioned between the affected activities using an activity based cost methodology or the nearest proxy to it. Material asset classes and apportionment approaches are:

- Terminal property, plant and equipment, including land and buildings, have been generally apportioned on the basis of an area analysis of terminal usage.
- Land held for future airport development has been allocated between the various activities based on its intended future use.
- Roads have been allocated using an estimation of their primary purpose and usage, excluding through traffic.
- Wastewater assets have been allocated on the basis of water usage across the business units.

Allocation of Debt

Under the methodology applied in preparing these disclosure financial statements debt becomes the balancing figure in the disclosure financials and is therefore impacted by the profitability of each specified activity. Debts are allocated to segment consistent with the methodology used for assets.

Allocation of Equity

The equity position of each segment is calculated with reference to the following:

- The opening level of equity.
- Adjustment for movements due to net profit less dividends in the segment.
- Adjustments for any capital issued or repaid.

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26. WEIGHTED AVERAGE COST OF CAPITAL

The Company has estimated the prospective weighted average cost of capital (WACC) for its identified airport activities as at 1 July 2013, being the commencement of the current disclosure period.

The Company has applied a post-tax WACC model. The post investor tax version of the capital asset pricing model (CAPM) has been used to estimate the appropriate cost of equity capital. The debt premium has been based on the estimated margin over the swap rate that the company would pay for longer-term debt. The swap rate, and therefore the cost of debt, reflects the market conditions as at 1 July 2013.

The following table summarises the key parameters used in the company WACC model.

	2014	2013
	Parameter	Parameter
Marginal Tax Rate	28%	28%
Risk Free Rate	3.42%	2.98%
Asset Beta	0.60	0.60
Equity Beta	0.72%	0.72%
Market Risk Premium	7.00%	7.00%
Post Tax Cost of Equity	7.50%	7.18%
Debt Margin	1.47%	2.00%
Cost of Debt	5.24%	5.33%
Debt to Value Ratio	17.00%	17.00%
Equity to Value Ratio	83.00%	83.00%
Calculated WACC	6.87%	6.62%

Based on these parameters the company estimates that, as at 1 July 2013, the appropriate prospective WACC for its identified airport activities was 6.87% on a nominal after-tax basis.

The Company revises its WACC periodically to coincide with its aeronautical consultation processes or as required prior to a major aeronautical investment. The calculation of WACC for a particular portion of a company is subject to variables that require expert assessment and judgement.

The Company uses a generally-accepted approach to the calculation of the WACC. This represents the weighted average costs of equity (adopting the simplified version of the Brennan-Lally CAPM) plus the cost of debt, net of corporate tax deductions, as follows:

$$WACC = r_D \times (1 - T_C) \times (D/V) + r_E \times (E/V)$$

Where

r_D = The Company's pre-tax cost of debt.

T_C = The corporate tax rate.

D = The value of the Company's debt.

r_E = The Company's post-tax cost of equity.

E = The value of the Company's equity.

V = The Company's total enterprise value, i.e. ($V = E + D$).

27. METHODOLOGY USED TO DETERMINE AIRPORT AERONAUTICAL CHARGES

The Company's charges were increased from 1 December 2011, the first increase since 2001. Charges were set to fund the shortfall in total revenues from identified airport activities so that an adequate return on capital could be made after recovering the costs of providing identified airport facilities.

All Dunedin International Airport Limited's identified airport activities revenues and costs were used to determine the shortfall required from airport charges.

**Dunedin International Airport Limited
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Revenues and expenses were identified and allocated among two facility categories:

- Airport Terminal
- Airfield, Runway and Apron

The terminal component of landing charges were set to balance the funding requirements for the Airport Terminal.

The runway component of landing charges were set to balance funding for the Airfield and Apron facilities.

Regular Air Transport Operations

A flight forming part of a series of flights performed by aircraft for the transport of passengers, cargo, or mail between the Airport and one or more points in New Zealand or in any other country or territory, where the flights are so regular and frequent as to constitute a systematic service, whether or not in accordance with a published timetable, and which are operated in such a manner that each flight is open to use by members of the public.

Maximum Certified Take-off Weight (MCTOW)

For an aircraft the lower of its maximum certified take-off weight as specified by the manufacturer (or as approved by the Civil Aviation Authority) and the maximum authorised operating weight as specified by the company.

Landing Charge – Runway Component

A landing charge is payable in respect of each arriving aircraft on a Regular Air Transport Operation and is calculated in accordance with the following formula.

28. SCHEDULE OF AIRPORT CHARGES

Airport charges are levied on an aircraft arrival basis on the following formula:

Landing charge = **a** x **b**

Where **a** is the MCTOW of the aircraft and **b** is the \$ rate per tonne of MCTOW as set out in the table below.

Aircraft MCTOW (tonne)	\$ Rate per tonne (excl GST)	
	As at 30 June 2014	As at 30 June 2013
0 to 10	\$13.22	\$13.22
10 – 19.999	\$14.15	\$14.15
20 – 39.999	\$15.02	\$15.02
40 – 54.999	\$17.23	\$17.23
55 and greater	\$18.30	\$18.30

Aircraft Parking Charge

For each aircraft parked in a designated aircraft parking area for a period in excess of one day an aircraft parking charge is payable per calendar day or part thereof as set out in the table below.

As at 30 June 2014

Aircraft MCTOW (tonne)	Charge (excl GST)	
	Free	Thereafter (per day)
0 to 10	First Day	\$15
10 – 19.999	First Day	\$25
20 – 39.999	First Day	\$35
40 – 54.999	First Day	\$45
55 and greater	First 3 days	\$55

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As at 30 June 2013

Aircraft MCTOW (tonne)	Charge (excl GST)	
	Free	Thereafter (per day)
0 to 10	First Day	\$15
10 – 19,999	First Day	\$25
20 – 39,999	First Day	\$35
40 – 54,999	First Day	\$45
55 and greater	First 3 days	\$55

For the purposes of aircraft parking charges, “designated aircraft parking area” means an aircraft parking area owned or leased by the Company other than an aircraft parking area which is subject to a lease or license granted by the Company.

Passenger Charge – International Services

A charge of \$2.69 (2013 \$2.69) per seat (excluding GST) (excluding transit passengers, transfer passengers, infants and positioning crew) on fixed wing aircraft operating an international service is payable to Dunedin International Airport.

Passenger Charge – Domestic Services

A charge of \$2.69 (2013 \$2.69) per seat (excluding GST) (excluding transit passengers, transfer passengers, infants and positioning crew) on fixed wing aircraft operating an international service is payable to Dunedin International Airport.

Landing Statistics

Scheduled Domestic Services

Aircraft MCTOW (kg)	Aircraft Type	Year to 30 June 2014	Year to 30 June 2013
0-3,000	Turbo Prop	-	-
3,001 to 20,000	Turbo Prop	1,038	974
20,001 – 26,000	Turbo Prop	2,543	2,470
26,001 – 56,000	Jet	-	-
56,001 – 71,000	Jet	987	1,503
71,001 and greater	Jet	761	383

Scheduled International Services

Aircraft MCTOW (kg)	Aircraft Type	Year to 30 June 2014	Year to 30 June 2013
0 – 71,000	Jet	-	-
71,001 and greater	Jet	249	267

Other Landings

Aircraft MCTOW (kg)	Year to 30 June 2014	Year to 30 June 2013
All weights	3,379	3,890

29. PASSENGERS

Class of Passenger	Year to 30 June 2014	Year to 30 June 2013
Passengers arriving and departing on domestic flights	788,881	794,209
Passengers arriving and departing on international flights	64,216	63,742

Dunedin International Airport Limited
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30. PASSENGER CHARGE

The International Departure Fee has been set to contribute to the funding of facilities at Dunedin International Airport Limited.

Since 1 August 2011, the international departure fee has been included in the ticket price and Dunedin International Airport Limited receive \$11.11 plus GST per arriving and departing passenger.

31. INTERRUPTIONS TO SERVICES

Interruption to services as required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 is set out below.

Planned Disruptions

Service	Number of Events		Total Duration (nearest 15 mins)	
	Year to 30 June 2014	Year to 30 June 2013	Year to 30 June 2014	Year to 30 June 2013
Runway Services (Note 1)	17	21	0	0
Stand Position Services	0	0	0	0
Airbridge Services	0	0	0	0
Baggage Handling Services	0	0	0	0

Un-planned Disruptions

Service	Number of Events		Total Duration (nearest 15 mins)	
	Year to 30 June 2014	Year to 30 June 2013	Year to 30 June 2014	Year to 30 June 2013
Runway Services	0	0	0	0
Stand Position Services	0	0	0	0
Airbridge Services	0	0	0	0
Baggage Handling Services	0	0	0	0

Note 1: Planned disruption to runway services relates to changes to flight times for NZ Post's unscheduled flights during the runway overlay.

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32. PRIOR PERIOD ERRORS

The deferred tax liability on property, plant and equipment in prior years was understated as the tax base used to calculate deferred tax incorrectly included buildings where depreciation is not able to be deducted for tax purposes. This has been adjusted as follows:

	Previously reported	Adjustment	Restated balance
balance sheet			
Deferred tax liability			
1 July 2012	7,381,571	2,113,042	9,494,613
30 June 2013	8,387,904	2,228,735	10,616,639
Revaluation reserve			
1 July 2012	13,047,733	132,313	13,180,046
30 June 2013	13,442,889	132,313	13,575,202
Retained earnings			
1 July 2012	6,918,454	(2,245,355)	4,673,098
30 June 2013	7,554,190	(2,361,048)	5,193,142
statement of comprehensive income			
Income tax expense year ended 30 June 2013	27,504	115,692	143,196

**Dunedin International Airport Limited
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INTERESTS REGISTER

The following are particulars of general disclosures of interest given by the Company directors and key management personnel pursuant to section 140(2) of the Companies Act 1993

KATHY GRANT

Dunedin City Holdings Limited	Director
Dunedin City Treasury Limited	Director
Galloway Cook Allan	Associate
Otago Polytechnic Council	Chairperson
Sport Otago	Board Member
Southern Sinfonia	Board Member

STUART MCLAUCHLAN

A D Instruments Pty Limited	Director
Analogue Digital Limited	Director
Aurora Limited	Director
Cargill Holdings 2002 Limited	Director
Delta Utilities Limited	Director
Dunedin Casinos Limited	Director
Energy Link Limited	Director
G S McLauchlan & Co	Partner
HTS110 Limited	Director
Lund South Limited	Director
Marsh Advisory Board	Member
New Zealand Sports Hall of Fame	Board of Governors
Otago Community Hospice	Chairman
Otago Festival of the Arts	Trustee
Pharmac	Chairman
Scenic Circle Hotels Limited	Director
Scott Technology Limited	Chairman
University of Otago	Pro Chancellor
University of Otago Foundation Studies Limited	Director
University of Otago Holdings Limited	Director
USC Investments Limited	Director
UDC Finance Limited	Chairman
X Rock Automation Pty Limited	Director

GEOFFREY THOMAS (term completed 30 April 2014)

Dunedin Casinos Limited	Director
Drivers Road Trust Company Limited	Director
Fund Managers Canterbury Limited	Director
Fund Managers Holdings Limited	Director
Intelogic Online Limited	Chairman
Larnach Castle Limited	Chairman
Principals Advice & Support Limited	Chairman
Property Council of NZ – Otago Chapter	Chairman
Royal NZ Ballet	Board Member
Taieri Gorge Railway Limited	Chairman
Taieri Industrial Rental Investments Limited	Chairman
Upstart Incubator	Chairman

JOHN McCALL

New Zealand Airports Association	Director
Taieri Gorge Railway Limited	Director
Tourism Dunedin	Trustee

TRISH OAKLEY

Dunedin Casino Charitable Trust	Trustee
Theomin Gallery Committee	Committee Member
Tourism Dunedin	Chair

RICHARD ROBERTS

Dunedin Host Incorporated	Board Member
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Directors' Interests in Contracts

Details of contracts involving directors' interests entered into during the year ended 30 June 2014 are provided in Note 26 to the Financial Statements. All transactions were conducted on an arms' length commercial basis.

Directors' Insurance

In accordance with section 162 of the Companies Act 1993 and the Constitution, Dunedin International Airport Limited has arranged policies of Directors' Liability Insurance which, together with a deed of indemnity, ensure that the directors incur no monetary loss as a result of actions undertaken by them as directors, provided that they operate within the law.

Principal Activities of the Company

The Company's principal activity is the operation of Dunedin International Airport. Areas of land adjacent to the airport held for possible expansion purposes are dairy farmed in partnership with two sharemilkers. The Company also owns a small residential housing estate on land adjoining the airfield to the north and Momona Garage.

State of Affairs

The directors note that the financial position of the Company remains sound and the state of the Company's affairs is satisfactory.

Remuneration of the Directors

The directors of Dunedin International Airport Limited and their remuneration for the year ended 30 June 2014 are as follows:

Director	Qualification	Responsibilities	Remuneration
Stuart J McLauchlan	BCom, FCA(PP), AF Inst D	Chairman	27,779
Geoffrey R Thomas term completed 30 April 2014	LLB, AF Inst D	Non-Executive Director	15,574
Kathy Grant	BA, LLB, Dip Law, M Inst D	Non-Executive Director	18,907
Patricia A Oakley	BCom, M Inst D	Non-Executive Director	18,907
Mark Rogers appointed 1 May 2014	BA (Hons), M Inst D, MNZIM	3,333	

Directors' Benefits

No director of Dunedin International Airport Limited has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by the directors shown in the financial statements. There were no notices from directors of the Company requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.

Employee Remuneration

The number of employees whose remuneration and benefits are within specified bands are as follows:

Remuneration Range	No. Employees
\$150,000-\$160,000	2
\$280,000- \$290,000	1

The directors are not aware of any other matters or circumstances since the end of the financial year not otherwise dealt with in this report or the Company's financial statements that has significantly or may significantly affect the operation of Dunedin International Airport Limited, the results of those operations or the state of affairs of the Company.

For and on behalf of the directors:



S J McLauchlan
Chairman



K E Grant
Director

27 November 2014

Independent Auditor's Report

To the Directors of Dunedin International Airport Limited

The Auditor-General is the auditor of Dunedin International Airport Limited (the company). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on the company's disclosure financial statements for its identified airport activities (disclosure financial statements) for the year ended 30 June 2014 on pages 5 to 26. The disclosure financial statements have been prepared under the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (the Regulations) and are made up of both historical financial and non-financial information.

Opinion

We have obtained all the information and explanations we have required to provide a basis for our audit opinion.

In our opinion:

- the company has kept proper accounting records, in accordance with the requirements of the Companies Act 1993, as far as appears from our examination of those records; and
- the company's disclosure financial statements on pages 5 to 26:
 - comply with the guidelines issued under the Regulations; and
 - subject to the Regulations comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the financial position of the company's identified airport activities as at 30 June 2014;
 - the results of its operations for the year ended on that date; and
 - the matters disclosed in accordance with the Regulations.

Our audit was completed on 27 November 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.

Limitations and use of this independent auditor's report

This independent auditor's report has been prepared solely to discharge the Auditor-General's responsibilities under the Regulations for the year ended 30 June 2014. This independent auditor's report has been prepared solely for the Directors of the company. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of the company, or for any purpose other than that for which it was prepared.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance might occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the year and the procedures performed in respect of the company's compliance with the Regulations are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the company might not have complied with the Regulations. Our opinion has been formed on the above basis.

Basis of opinion

Our work has been carried out in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and Standard on Assurance Engagements 3100: *Compliance Engagements* issued by the External Reporting Board. Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the disclosure financial statements give a true and fair view in all material respects in accordance with the Regulations.

Material non-compliance with the Regulations relates to differences or omissions of amounts and disclosures that would affect an overall understanding of the disclosure financial statements. If we had found material non-compliance that was not corrected, we would have referred to the non-compliance in our opinion.

The company's financial statements have been subject to audit. The audit opinion on the financial statements of the company for the year ended 30 June 2014 was unmodified and was dated 13 August 2014.

Our work in respect of amounts and disclosures in the disclosure financial statements that were audited under the financial statement audit has been limited to agreeing the amounts and disclosures to the underlying records and audited financial statements of the company.

Our work in respect of amounts and disclosures that were not audited under the financial statement audit has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure financial statements give a true and fair view in all material respects in accordance with the Regulations.

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.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing disclosure financial statements that:

- comply with the Regulations;
- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's identified airport activities financial position and financial performance; and
- give a true and fair view of the matters disclosed in accordance with the Regulations.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of disclosure financial statements, including the matters disclosed in accordance with the Regulations that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

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

Independence

When carrying out this engagement under the Regulations we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this engagement carried out under the Regulations, and the annual audit of the company's financial statements, we have no relationship with or interests in the company.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand