



GROUP ANNUAL REPORT | 2015



Key Numbers & Highlights

	Group (Consolidated)		DWC (Parent)	
	2014-15 (\$m)	2013-14 (\$m)	2014-15 (\$m)	2013-14 (\$m)
TOTAL INCOME <i>(including Mark-to-Market Unrealised Gains/Losses)</i>	13.8	9.0	13.5	8.6
TOTAL OPERATING EXPENSES	2.2	2.6	2.0	2.4
COMMUNITY DISTRIBUTIONS	1.7	3.0	1.7	3.0
PROFIT/(LOSS)	7.5	3.3	5.8	3.3
TOTAL ASSETS	126.7	119.5	126.3	120.7
TOTAL EQUITY	112.5	103.6	112.1	104.8

West Coast Key Economic Indicators – Regional Overview

THE WEST COAST ECONOMY IS more vulnerable to world commodity prices than the national economy. This has been keenly felt in the region over the last two years, particularly in the mining and agriculture sectors.

Despite the recent well-publicised downturn, the performance of the West Coast economy has generally matched the national economy over the last decade.

The ten year GDP growth rate for the region was 1.7% per annum compared to 2% nationally. Likewise, the ten year employment growth rate on the West Coast was 1.9% per annum compared to 1.5% nationally. In particular the region's agriculture sector has grown significantly over the last ten years, although the rate of growth has slowed down recently.

A real positive for the region is the Tourism industry which showed signs of improved activity over the 2014-15 summer season. A large proportion of the region's labour force is employed in tourism and tourism related industries. International tourism

expenditure amounted to 8.5% of the regional GDP; 14% of regional employment and 12.54% of the business units. According to the ANZ regional economic monitor, guest nights were 12% stronger in March 2015 than the same month in 2014.

The region's main comparative advantage has traditionally been in the primary sector which accounted for 19% of all employment in 2014. However the fastest growing sector in the region on a percentage basis was the construction sector which also experienced the greatest growth in employment during the 2014 year.

Prospects in the immediate future will not only depend on world prices for dairy, coal and gold but also the degree to which the tourism sector grows and the region's ability to diversify its economy.

+ **1.7%** (NZ 2.0%)
REGIONAL GDP GROWTH
OVER 10 YEARS

+ **1.4%** (NZ 0.1%)
BUSINESS SIZE GROWTH OVER
10 YEARS

+ **1.9%** (NZ 1.5%)
EMPLOYMENT GROWTH OVER
10 YEARS

+ **12%** (NZ 5.4%)
GUEST NIGHTS GROWTH TO
YEAR ENDED MARCH '15



PURPOSE

“What we are in the Business of Doing”

To promote sustainable employment opportunities and/or generate sustainable economic benefits for the West Coast region.

MISSION

“The Key Objective to be Accomplished”

To create a commercial environment that supports and encourages business and commerce to thrive.

VISION

“Our Aspiration”

To be recognised as the lead organisation for regional development.

What our Strategic Priorities mean for DWC

Priority 1: Financial Sustainability of the Trust Fund

Providing for the successful management of the Trust Fund to ensure Trustees of the day have the opportunity to invest (Investments & Distributions) in initiatives that achieve the objects of the Deed of Trust.

Priority 2: Prudent Commercial Distributions

Making sound commercial Distributions which promote sustainable employment opportunities and generate sustainable economic benefits.

Priority 3: Building Commercial Capability and Leadership

Supporting the economic transformation of the West Coast region through building commercial capability and leadership for West Coast businesses and business people.

Priority 4: Innovation / Research and Development

Investing in research & development to identify, diversify and develop industries and businesses, and add value to businesses on the West Coast.

Priority 5: Improving Profile and Visibility - DWC & the Region

Improving the profile and visibility of DWC and for it to be recognised as a key influencer and partner in the development of the West Coast region. In doing so, the West Coast will be recognised as a significant contributor to the New Zealand economy and a region where commerce and business is supported and can prosper.

DWC will achieve its Strategic Priorities by being

A Leader	Leading by example, being professional, maintaining integrity, being courageous in pursuing its core purpose and intent.
A Facilitator	Bringing people and organisations together for a common purpose and providing support to achieve alignment in the interests of those DWC represents.
An Influencer	Drawing on connections, networks and relationships to assist others.
An Enabler	Assisting and supporting the achievement of positive outcomes.
A Catalyst	Precipitating and enhancing change.
An Advocate	Presenting the best case possible for the West Coast region, its businesses and communities.
An Investor	Providing finance in pursuit of promoting sustainable employment opportunities and generating sustainable economic benefits.
A Communicator	Effective internal and external communication to ensure consistent messaging to enhance profile, visibility and understanding of DWC.

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Directory

Trustees

Sturgeon, Mr J	CHAIR
Smith, Mr C	DEPUTY CHAIR
Buchanan, Mr R	
Dooley, Mr F	CHAIR - INVESTMENT COMMITTEE
Little, Mr H	
Lockington, Mr M	CHAIR - FINANCE & AUDIT COMMITTEE
Tumahai, Mr F	

Executives

Thomas, Mr J	CHIEF EXECUTIVE
Dawson, Mr M	CHIEF FINANCIAL OFFICER
Gilbertson, Mr W	CHIEF OPERATING OFFICER

Registered Office

1st Floor, Brunner House, 54 Tainui Street
P O Box 451, Greymouth

Advisory Body

Rushbrook, Mr K	CHAIR
Bestwick, Ms J	
Steele, Mr D	

Investment Advisors

Bancorp Treasury Services Ltd
JBWere (NZ) Ltd

Legal Advisors

Buddle Findlay
Duncan Cotterill
Hannan & Seddon

Tax Advisors

KPMG

Bankers

Westpac

Auditors

Audit New Zealand ON BEHALF OF THE CONTROLLER AND
AUDITOR-GENERAL

Chairman's Report

ON BEHALF OF TRUSTEES and our team, I am proud to present the Annual Report of Development West Coast and Group for the year ended 31 March 2015.

Positive returns on our investments during the 2014-15 year have increased Group Total Assets from \$119.5m in 2014 to \$126.7m in 2015 after all relevant expenses and adjustments. This positions DWC well for supporting business development and growth on the West Coast that will in turn facilitate the development of our region.

The West Coast economy has experienced further change. In some cases this has been extreme with far reaching implications for families, businesses and communities on the Coast. We will need to work with others to provide some stability and develop

solutions that promote sustainable employment and generate economic benefit for the region. One initiative that DWC is supporting in partnership with the Regional and District Councils is the establishment of the West Coast Economic Development Agency and the employment of a full time manager to lead the implementation of regional development initiatives.

Our team at DWC has continued to work with local West Coast businesses and industries to support business survival, growth and development. Mining continues to struggle in the wake of current prices, as does the dairy industry, and this is of considerable concern. On the other hand, tourism continues to grow and provides much needed stimulus for the region. The construction industry is busy with earthquake strengthening, renovations and new builds, while the engineering and manufacturing industries have worked hard to maintain contracts and production. Timber is holding its own, and fishing is showing positive signs of development with the opening of the new Westfleet processing facility.

DWC supported and funded a number of key strategic initiatives and businesses during the year and further details are provided in this Annual Report. Some highlights include: a loan for the purchase of an aircraft to deliver an essential air service out of Westport; funding to support the enhancement and development of ICT for secondary and area schools; the purchase of freehold property on Richmond Quay; continued facilitation of the West Coast Construction Alliance; and continuity of the Leadership and Governance Programme. The West Coast Leading Light Business Excellence Awards was a great evening and an opportunity for the Coast to recognise and celebrate business success. Thank you to all who made this a success.

I would like to thank my fellow Trustees for their on-going commitment to DWC and the West Coast region. Their support has been greatly appreciated and has enabled the Board to make sound decisions and achieve some great outcomes for the Coast. I wish to particularly thank Colin Smith, my Deputy Chair, for his dedication and support. Thank you also to the Chairs of our various sub-committees.

During the year, we were pleased to have Robert Buchanan reappointed as the Independent Trustee by the New Zealand Law Society. Mark Lockington, Independent Trustee appointed by Chartered Accountants Australia & New Zealand (formerly the New Zealand Institute of Chartered Accountants) had his term extended as part of a process to realign appointment timeframes for Trustees.

I also acknowledge and thank our Advisory Body members, Keith Rushbrook (Chair), Jenn Bestwick and David Steele, who



continue to provide sound professional and independent advice to the DWC Board on applications and proposals for funding. They have a sound understanding of the current needs and opportunities on the Coast and are able to connect us with specialist advisors if required to advise on technical issues. This greatly assists the due diligence and advisory processes undertaken by our team when assessing applications and making recommendations to the Board.

Our CEO, Joseph Thomas, has provided valuable assistance and leadership during the year. He has developed strong working relationships with key stakeholders on and off the Coast that will be important for DWC and the Coast going forward. It has

been a busy and trying year and I appreciate Joseph's efforts and support.

Finally, on behalf of my fellow Trustees, I would like to acknowledge the efforts of our operational team for another successful year and their on-going dedication to the organisation and the West Coast community. I would also like to extend a special thank you to Belinda Lunn our Executive Manager for her efforts and dedication with supporting the Board and our team throughout what has been a busy year.

John Sturgeon ONZM, MBE
Chairman



*Back Row - Francois Tumahai, Robert Buchanan, Hugh Little, Frank Dooley.
Front Row - Mark Lockington, John Sturgeon, Colin Smith.*

Trustees

John Sturgeon ONZM, MBE – Chairman *Council Appointee*

John was initially appointed in November 2010.

John was awarded the NZ 1990 Commemoration Medal for services to New Zealand and mining. He was made a Member of the British Empire (MBE) in 1991 for his service to sport, and an Officer of the New Zealand Order of Merit (ONZM) in 2012 for services to Rugby.

Colin Smith – Deputy Chair *Elected – Grey District*

Colin is in his second term as the Grey District elected Trustee after his initial election in 2010.

Colin is a partner at Greymouth law firm, Hannan & Seddon. He is the Chairman of the West Coast Rugby Union and is involved in many other community organisations.

Robert Buchanan *Independent – NZ Law Society*

Robert was initially appointed in 2009, and recently reappointed in 2015.

Born in Christchurch, he now runs a Wellington legal practice specialising in public sector governance and risk management.

Robert was an Assistant Auditor-General Legal for the Office of the Auditor-General and is a former Director of the NZ Law Commission.

Frank Dooley *Elected – Buller District*

Frank is an initial Trustee from DWC's establishment in 2001 and was Chair from 2001-2008, and is the Chair of the Investment Committee.

Frank owns a chartered accountancy practice in Westport, and is a trustee or director for numerous entities, including Chairman of Buller Electricity, Chair of Pulse Energy Ltd and a director of Westland Co-Operative Dairy Company Ltd.

Frank was made a Fellow of the NZ Institute of Chartered Accountants in December 2012.

Hugh Little *Elected – Westland District*

Hugh was newly elected in October 2013. He retired from Westland Milk Products in 2010 after a long and distinguished career that saw him rise from a labourer in the production area to Deputy CEO and General Manager of Operations. He is still involved with the company as a director.

Born and bred in Hokitika, Hugh and his wife Glenda built and own the luxury accommodation and restaurant complex, Station's Inn. Hugh is also a long-serving director of Westpower and the Westpower group of companies, and he was the directors' representative for the successfully commissioned Amethyst Power scheme.

Mark Lockington *Independent – NZ Institute of Chartered Accountants*

Mark was initially appointed in 2005, and recently reappointed in 2015. He is the Company Secretary for Westland Milk Products, and has worked for companies in New Zealand and Australia in management, financial, treasury, accounting and administrative positions.

Mark has a NZ Certificate in Engineering (Civil & Structural), a Bachelor of Commerce, is a Chartered Accountant and member of the NZ Institute of Directors.

Francois Tumahai *Tangata Whenua Appointed Trustee*

Of Ngati Waewae and Ngati Whatua descent, Francois became actively involved in Ngati Waewae in the mid 1990's and was appointed Chair in 2008.

Francois project managed Ngati Waewae's 5 year marae development which opened in November 2014.

Francois is involved in many boards including health provider Poutini Waiora and the Advisory Board of Tā Tau Pounamu. He is Managing Director of Poutini Environmental and General Manager of Waewae Pounamu which is Ngāti Waewae's commercial Pounamu outlet in Hokitika.

Investments

Statement of Investment Policy & Objectives (SIPO)

The broad investment objectives for DWC's Investment Fund are to achieve a level of Income which is needed to meet the distribution requirements of DWC in any one-year and to provide for a reasonable element of capital growth. This is required to preserve the real value of the Trust Fund thereby enabling increased distribution levels over time.

More specifically, the Fund's investment policy aims to earn a rate of return, after investment-related expenses and any taxes, that exceeds CPI increases by at least 3% pa over rolling 3 year periods.

The Investment Fund's maximum asset allocation for the reported and ensuing financial year is as follows:

Asset Class	Allocation
Cash	100%
NZ Fixed Interest	90%
Total Cash & Fixed Interest	100%
Australasian Equities	22%
Australasian Property	5%
International Equities	21%
Alternative Investments	11%
Total Equities	55%

Investment Review

DWC's Investment Fund performed strongly in the year ended 31 March 2015. Equity markets provided excellent returns with New Zealand holdings again being the outstanding performer giving returns of over 25%. Other markets were also strong and overall growth assets provided DWC with a return of circa 20%.

The growth in equity values saw DWC taking profits toward the end of the financial year as it endeavoured to stay within the asset allocations specified in the SIPO.

Subsequent to balance date equity markets have plateaued. However, a weaker New Zealand dollar has seen the total value of DWC's equity investments continue to increase in value and further sales being made to stay within the asset allocation.

At the start of the financial year DWC had 49% of its investment funds in equity (or growth) assets. During the year DWC increased its exposure to these investments and was at 54.6% by March 2015, just under the maximum allocation of 55%.

Available for Sale investments (consisting of Fixed Interest and Alternative Assets) also increased in value during the year but these valuation movements only affect DWC's equity position. These movements in value are reported in "Other Comprehensive Income".

JBWere (NZ) Ltd and Bancorp Treasury Services Ltd are DWC's Investment Advisors.

Chief Executive's Report

Overview

The 2014-15 financial year has been a challenging but rewarding one for DWC. Our team has worked diligently on a number of initiatives and projects that have produced positive outcomes for the region. Our on-going engagement with West Coast businesses and communities, local government, Iwi, central government, government agencies and key service providers has ensured that we have maintained a sound understanding of the challenges and opportunities on the Coast. This has provided valuable information to assist DWC with identifying key priorities and how we can align our service delivery to constantly changing needs. It has also assisted us with maintaining professional relationships with key stakeholders both on and off the Coast.

We have remained focused on ensuring that DWC continues to pursue and comply with the objects of our Deed of Trust and aligning with our core purpose to promote sustainable employment opportunities and/or generate sustainable economic benefits for the West Coast region.

There has been a noticeable increase in the number of businesses and individuals making enquiries or engaging with DWC and this is to be encouraged. A number of West Coast businesses and organisations have benefited from DWC's delivery of business services. Regular networking events during the year attracted a strong level of interest and participation from local businesses. We look forward to continuing and enhancing this service in future.

In its Distribution activities, DWC was pleased to be able to support Sounds Air as it looks to establish its air service between Westport and Wellington. The purchase of property in Richmond Quay is a strategic and potentially long term investment that could support the Greymouth CBD revitalisation.

DWC continues to closely monitor its investment in Cranley Farms Limited. The recent downturn in forecast dairy payout is affecting the financial performance of the farm and the Board and Management of Cranley Farms Limited continue to actively manage its operation.

Financial Performance

The financial result for the year was very positive due to strong performance in the financial markets. As at 31 March 2015, DWC (Parent) had total assets of \$126.3m (2014: \$120.7m). Of this, \$114m was held in cash, fixed interest, bonds and equities.

Total income for the year was \$13.5m (including both realised and unrealised revenue) with a profit before Community Distributions of \$7.5m. Total Operating Expenses were \$2m, down from \$2.4m the previous year. DWC invested \$1.7m in Community Distributions and Projects, and is reporting a net surplus of \$5.8m (2014: \$3.3m) with Total Comprehensive Income of \$7.3m. Total realised revenue generated since 2001 now stands at \$119m (2014: \$112m).

This financial result adds further strength to DWC's balance sheet and provides a sound base from which to pursue the objects of the Trust Deed and our strategic priorities.

Acknowledgements

I would like to thank our Chair, Mr John Sturgeon, for his continued support and commitment to DWC. My thanks also to the Board of Trustees who remain focused on achieving positive outcomes for the West Coast region.





The Advisory Body has continued to provide sound professional advice and we appreciate the independent expertise, advice and networks they provide. We also acknowledge the timely professional services provided by our external advisors and partners that have supported our processes and decision making during the year.

Thank you to our executive team and staff for their effective participation and engagement during the year. There are a number of positive outcomes that we can be proud of that would not have been possible without the dedication and loyalty of the team.

The nature and scale of the current challenges and opportunities on the Coast are far greater than the resources available to any one single West Coast entity. The development and delivery of effective and sustainable solutions will require a collaborative approach from key stakeholders, both on and off the Coast. DWC has a leadership role to play in being part of the solution as a facilitator, enabler, catalyst, influencer, advocate and investor. We look forward to working with others to achieve greater outcomes and providing opportunities for securing a sustainable future for the Coast.

Joseph Thomas
Chief Executive Officer

Looking Forward

DWC will be enhancing the level of engagement with West Coast businesses and communities. We appreciate that there will be further change in the near future and we need to assess and understand what this will mean for the Coast and how we best respond as a region. This will often require that we take a different approach as relying on traditional industries and responses may not be as effective as they may have been in the past. New thinking will support and promote new solutions.

The key strategic priorities for DWC going forward will include:

- Pursuing financial sustainability through effective management of the Investment Fund to provide for further investment and distributions to enable and stimulate business development and growth on the Coast
- Enhancing business services to meet the changing needs of West Coast businesses and to support them in pursuing opportunities;
- Pursuing successful commercial distribution opportunities to promote sustainable employment opportunities and/or generate sustainable economic benefits for the West Coast;
- Investing in research, development and innovation to enable and facilitate diversification and provide a platform for the promotion and establishment of new industry;
- Lifting the visibility of DWC and the West Coast region to attract investment and provide leverage for funding local initiatives.



Business Support

DWC PROVIDES AND FACILITATES A range of business support initiatives on the West Coast, including training, mentoring, advice, networking and commercial finance - DWC's "Business Tool Box".

Commercial Finance

Sounds Air

A commercial loan made to Sounds Air has ensured the continuation of a critical transport link between Westport and Wellington.

DWC provided finance to the airline to assist with the purchase of a Pilatus PC12 aircraft to fly the route after Air New Zealand announced it would withdraw its service.

Continuity of air service for businesses in the region was vitally important and while the loan provided a commercial return it was also a way for DWC to demonstrate its commitment to the West Coast. DWC undertook full due diligence on the loan application and was impressed with the Sounds Air operation.

Sounds Air has committed to a six-year term flying between Wellington and Westport six days a week with the possibility to extend the service if there is sufficient demand.

Shop West Coast

Shop West Coast has been set up to encourage Coasters to shop locally and to unite local shops and businesses.

The new concept was introduced by Rachelle Hicks of Westport. It was initially launched in Buller and is now being promoted throughout the West Coast.

DWC provided a micro-loan that enabled Shop West Coast to launch a mobile-friendly directory website. Rachelle Hicks says as well as helping with finance DWC has been a great source of support and advice for her.

Richmond Quay Properties

DWC has purchased three freehold properties on Greymouth's Richmond Quay. The acquisition provides an opportunity for a staged development of the site that DWC hopes will become part of the revitalisation of the Greymouth CBD.

DWC is undertaking a collaborative approach regarding the former R & N Traders, Waterfront Commission and Richmond Hotel sites and is talking to key stakeholders and interested parties about the development. Options range from DWC being the land-owner with a project developer or group undertaking the redevelopment through to DWC being involved in the development.



Leadership and Governance Programme

Over 35 West Coast business people have now graduated from the West Coast Leadership and Governance programme with a 4th intake planned for 2015.

Launched in 2011 by DWC in partnership with Westland Milk Products, the programme aims to raise the professional governance skills of West Coast business people.

The intensive programme was developed by Westlake Governance and New Zealand Institute of Management and covers subjects including financials, company and contract law, statutory requirements, risk management, health & safety and ethical standards.

The programme has been highly successful with graduates moving into leadership and governance roles in a range of boards throughout the West Coast and New Zealand. DWC facilitates and supports the programme, while participants are sponsored by local businesses.

Networking Events

Business networking events organised by DWC continue to be popular with the year's highlight being a luncheon with Reserve Bank of New Zealand Governor, Graeme Wheeler.

Mr Wheeler discussed the New Zealand economy and how it relates to the West Coast to a crowd of 150 business people at Shantytown in May 2014. His address ranged from forecast trends for interest rates to the Chinese export market to the New Zealand housing market.

DWC organises a range of quality speakers for events throughout the year and feedback shows that local business people appreciate both the information and ideas these speakers bring, and the networking opportunities available at these events.

CASE STUDY

Troy Scanlon

Westport's Troy Scanlon admits he has a very busy life but he would not have it any other way. Not only is he a director in his family business, Martin and Co Mitre 10, he is also on the Mitre 10 nationwide council and an active member of the Buller Cricket Association, Westport Trotting Club and Buller Basketball.

"Between my community roles and Mitre 10, I am kept on my toes. I believe it is important for young people to put something into the community, it has been instilled in me from a young age to be involved and help where you can," he says.

Troy is a recent graduate of the West Coast Leadership and Governance programme and says the professional governance programme has given him tools to balance his varying roles.

"In business and in life you probably always feel a bit stretched, but the programme has helped make all my responsibilities more manageable and enjoyable. It was well run with excellent presenters, and I really liked the concept of think tank groups where everyone can have a say and voice what they are thinking."

Troy gained so much from the programme that Martin and Co Mitre 10 has since put two other staff members through the course.

"At the end of the day you want to give your staff the best tools to do well and try to keep them involved and learning. The programme gives people the confidence and knowledge to join boards and can only benefit the Coast," he says.



John Sturgeon, Graeme Wheeler, and Joseph Thomas

Regional Business Partner Network

As the region's Regional Business Partner Network (RBPN) provider, DWC signed up 130 businesses to the programme during the financial year and distributed \$40,000 for capability building while referring other businesses for research and development funding.

New Zealand Trade & Enterprise and Callaghan Innovation administer the programme which saw DWC meet all its key performance indicators.

Popular training courses have included business coaching, strategy planning, online marketing and developing leadership. DWC can also help with other areas of your business.

CASE STUDY

Momentoes West Coast

Running a global franchise business from Hokitika has been made easier with help from DWC.

Renee Patterson is the franchisor for Momentoes, an international baby hand and feet casting company. She runs the franchise company from her home office and framing business in Hokitika.

She bought a Momentoes franchise in 2007 and loved the product so much she brought the company three years later. Since then Momentoes has doubled the number of New Zealand franchises to 18, four of which Renee runs herself, and has franchises in Australia and the United States.

In 2014 Renee was able to utilise the Regional Business Partner network to help bring 13 of her franchisees to Hokitika for a conference.

"I had previously attended a couple of courses organised by DWC on customer service and growing net profit. I found them fantastic so engaged Eddie Gibb from Focus Consultancy who ran the courses to do some consulting and run training for Momentoes at the conference. DWC helped us bring Eddie in and we were able to access funding through the Regional Business Partner programme to cover half of the cost, which was fantastic," she says.



Business Mentoring and Coaching

DWC co-ordinates Business Mentors New Zealand services on the West Coast and currently has 19 businesses registered to receive business mentoring. The mentoring programme provides independent and confidential advice to businesses from local and South Island based mentors.

CASE STUDY

Carters by the Sea

When Westport couple Chris and Erica Cooper opened a new motel at Carter's Beach near Westport they turned to DWC for advice.

The couple had no previous experience in the tourism industry before they opened their ten-unit boutique motel complex, 'Carters by the Sea', in December 2014.

DWC put Chris and Erica in contact with some experienced moteliers who were happy to act as mentors. Through the Regional Business Partner network they were also able to access capability building funding to attend social media and website marketing courses.

"It was all pretty new to us so it has been great to get some help and DWC has some good schemes. We would not have done the courses if DWC had not helped," says Chris Cooper.

CASE STUDY

Westport Early Learning Centre

Like many Buller businesses the Westport Early Learning Centre has been impacted by the downturn in both the mining and dairy industries.

Recently, the Centre got together with a business mentor to make sure the business was in the best possible position to weather the tough economic climate.

Senior Education Manager Amy Kent says the Centre hopes the new mentor will give them support, coping mechanisms and a fresh pair of eyes to ensure its business model is as robust as it can be.

"We've only had one meeting so far but the SWOT analysis we worked on with the mentor has helped us come up with many opportunities to raise our profile and already some new ideas have come out of the process," she says.



Industry Support

The Luminaries

DWC has initiated a Working Group to assist businesses to capitalise on the interest in Eleanor Catton's novel, *The Luminaries*.

There is growing visitor interest in the history of Hokitika, the setting of the Man Booker prize winning novel, and a mini-series is likely to be produced.

DWC is working with businesses to build on existing product and develop new economic development opportunities as part of the Working Group. It is also keeping up dialogue with FilmNZ and Tourism NZ to maximise opportunities from the potential mini-series.

West Coast Construction Alliance

The West Coast Construction Alliance has launched a new website and brochure and is actively promoting the depth of experience, knowledge, capability and capacity of the West Coast's construction sector.

DWC gave a guiding hand during the Alliance's formation and continues to provide secretariat services.

Alliance members come from the construction, engineering and manufacturing industries. By joining together they are able to provide comprehensive scale and capability in the construction sector while providing a single point of contact for customers' needs. As an alliance, members may pitch for business together, collectively look for opportunities, and they will also share resources in areas such as training.

Tourism West Coast

Tourism continues to be an important industry on the West Coast and is now the region's biggest employer. At last count tourism contributed 14% of the region's employment with approximately 2,200 FTE's in all tourism related and tourism characteristic industries. Accommodation is the greatest source of employment with 33% of the total figure followed by Cafés and Restaurants contributing 14%.

Guest nights increased 12% from 2014 to 1.25M in 2015. This number includes 737,800 international guest nights (a rise of 13% from the year before) and 516,694 domestic guest nights (10.9% increase).

The economic importance of tourism to the West Coast continues to increase. Conservation estate, which comprises the bulk of the region's habitats and landscapes, is a major economic contributor to tourism.

DWC supports the tourism industry through its engagement with Tourism West Coast and supports the organisation with an annual contribution of \$86,000 towards their operating costs. DWC also supports many one-off projects and initiatives lead by Tourism West Coast.

Minerals West Coast

Minerals West Coast (MWC) exists to promote and assist the region's minerals industry and DWC supports it with funding for special projects.

In recent years MWC has developed the West Coast Minerals Resource Assessment Report, the BERL Economics Potential Contribution of the Mining Industry to the West Coast, and Explore West Coast. It is currently completing the development of the West Coast Regional Minerals Strategy Document.

MWC represents the collective interests of the West Coast minerals industry on forums and working groups working on the development of new and existing legislation. It also assists mining companies on the Coast to come to grips with their responsibilities under new and revised mine safety regulations.



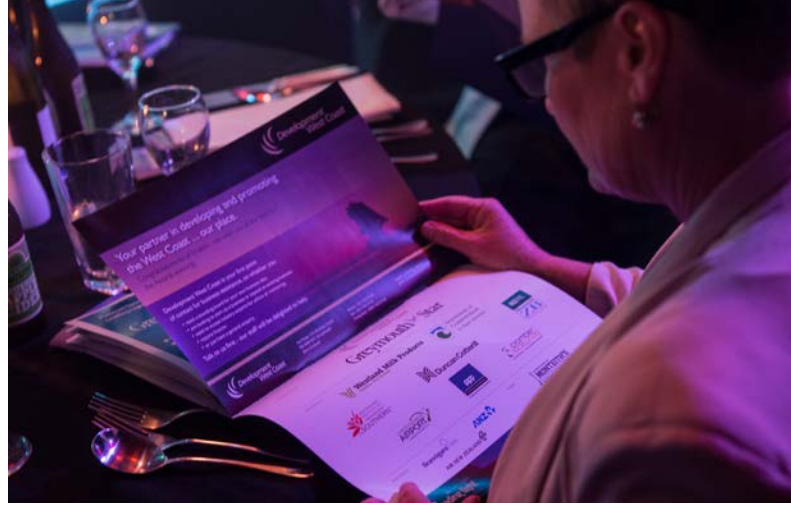


West Coast Leading Light Business Excellence Awards

The 2015 West Coast Leading Light Business Excellence Awards were held in May with Holcim Cement's Westport Works taking out the supreme Greymouth Star Super Nova Award.

Seventeen businesses were named as finalists in the awards, spanning the West Coast from Westport to Franz Josef. This year there was also a new Environment Award sponsored by the Department of Conservation which had a healthy number of entries.





Winners of the 4th West Coast Leading Light Business Excellence Awards

Duncan Cotterill Enterprise 30+ Award

Holcim Cement Westport Works

Newstalk ZB Retail Award

Into Jeans Ltd

NZIM Southern Professional Service Award

Momentoes New Zealand

Crombie Lockwood Trades/Manufacturing/Primary Producer Award

Simpson Residential Ltd

Christchurch Airport Tourism and Hospitality Award

Scenic Hotel Franz Josef Glacier

Westland Milk Products Not for Profit Award

West Coast Penguin Trust

Department of Conservation Environment Award

West Coast Penguin Trust

ACC Workplace Safety Award – Small/Medium Business

Simpson Residential Ltd

ACC Workplace Safety Award – Large business

WestReef Services Ltd

Greymouth Star Super Nova Award

Holcim Cement Westport Works



Community Support

Community Governance

DWC is investing in the capability of West Coast people by helping to build governance and leadership skills at a community level.

In this financial year around 40 participants took part in three separate programmes tailored to improve each of their organisations' governance skills. Another open session for 12 attendees from a variety of community organisations was also held.

The community governance programme follows on from the success of the West Coast Leadership and Governance programme for businesses. These programmes improve knowledge in finance, chairing and leadership skills and how to work within constitutions and charters.

Cyclone Ita

Cyclone Ita caused widespread damage on the West Coast in April 2014. To support the recovery efforts, DWC made a \$10,000 grant to each of the three district councils' Mayoral Relief Funds.

ICT Infrastructure for Schools

DWC has funded secondary and area schools nearly \$300,000 to upgrade their ICT infrastructure to ensure students are able to make the most of new technology such as ultrafast broadband.

The funding boost means the seven West Coast schools will not be constrained by capacity or access issues. The financial support comes two years after DWC provided \$345,000 to primary schools to upgrade wireless networks and purchase new classroom technology.

DWC funded up to 80% of each of the West Coast secondary and area schools' total ICT infrastructure upgrade costs subject to each contributing a minimum of 20% themselves.



*WestREAP attendees at a tailored Community Governance programme.
Back Row, Richard Westlake (facilitator), Maureen Simpson (Chair), Kerry Adams, Jo Rea,
Jeff Kay, Jo Kearns, Corrina Gestro-Best, Vaughan Renner (facilitator).
Front Row - Victoria Tumai, Dulcie Bell.*

West Coast Cycle Trails

DWC has been a significant financial contributor to the West Coast's two new cycle trails. They are both part of the New Zealand Cycle Trail Nga Haerenga network and already attracting large numbers of cyclists to the region with both expecting to be completed in late 2015.

Old Ghost Road Cycle and Tramping Trail

The Old Ghost Road Cycle and Tramping Trail is now 95% complete. The trail saw 6,000 users in the last financial year, 30% of which were trampers. The initial target was 7,000 users annually within five years of completion so all indications are the trail is already exceeding expectations.

A Ministry of Business, Innovation and Employment (MBIE) formula estimates 7,000 users will account for \$3-\$4 million economic activity and 18 new full time equivalent positions. Based on user numbers to date, the formation of a hike and bike shuttle business and the expansion of existing businesses, a multi-million dollar benefit for the Buller region is anticipated.

DWC has invested \$1.5 million in the 80km walking and cycle trail, including \$250,000 EDF funding earmarked by the Buller District Council.

West Coast Wilderness Trail

The four-day, 130km West Coast Wilderness Trail between Greymouth and Ross is a joint project between the Grey and Westland District Councils.

The section between Hokitika and Ross is due to be completed in 2015. Using data collection from both the Greymouth and Westland sections of the trail, 8,800 riders are now using the trail annually. The trail has a target of 10,000 users from 2015 – 2018. Trail transport companies, cycle hire and other associated businesses, including the Theatre Royal Hotel in Kumara and Cowboy Paradise in the Arahura Valley, have also been established.

With the Westland District Council committing its entire \$2 million EDF funding and the Grey District Council \$215,000 EDF funding, DWC has an overall investment in the 130km trail of \$3.5 million.

West Coast Amateur Sports Trust

The DWC Amateur Sports Trust distributes \$15,000 annually to talented West Coast sports people so they can access training and compete at national or international events.

This year's recipients included Greymouth swimmer Ben Whitmore who was able to travel to swim meets in Christchurch, Wellington and Dunedin, and to attend a 10 day training camp in Nelson. Ben won gold in 200m butterfly and bronze in 100m butterfly and obtained a national time in his age group.

Buller hockey player Jesse Forsyth received funding to attend a National Tournament for the NZ Junior Black Sticks and attended several camps. He is delighted to have reached his goal of representing New Zealand.

West Coast Community Trust

The West Coast Community Trust receives \$90,000 annually from DWC to distribute to community groups. This year's recipients included the Buller Country Music Club, Hokitika Dramatic Society, Reefton Youth Centre, West Coast Historical and Mechanical Society and Runanga Miners' Hall Trust.





Major District Initiative Fund (MDI)

DWC is committed to supporting the development of significant assets and facilities in West Coast communities through the Major District Initiative Fund (MDI).

Since 2005 each of the three district councils have received \$400,000 annually to allow them to fund community facilities or social infrastructure. This funding will continue until March 2022.

This fund has helped finance facilities such as the Greymouth Aquatic Centre, Westport Solid Energy Centre, Fox Glacier Community Centre and the Westland Boys' Brigade Hall.

CASE STUDY

Fox Glacier Community Centre

The Fox Glacier community has spent many years planning, fundraising and applying for grants to build a Community Centre in Fox Glacier. This financial year the Westland District Council committed \$1 million of MDI funding to the centre.

The community centre will provide a valuable asset to Fox Glacier giving residents an indoor venue to hold functions, performances and short courses, as well as providing office space.

With funding now committed, construction is expected to begin in late 2015.



Recipient Organisation	Allocation
Organisation	\$Allocated / Available
Buller	
Solid Energy Centre	6,000,000
NBS Theatre	700,000
Unallocated Funds	0
	6,700,000
Grey	
Greymouth Aquatic Centre	6,000,000
Cobden Sports Complex	50,000
West Coast Theatre Trust	400,000
Grey United Tennis Club	20,000
Westurf Recreation Trust	100,000
Unallocated Funds	130,000
	6,700,000
Westland	
Westland i-Site	296,952
Hokitika Regent Theatre (Stage I)	340,000
Library Relocation	489,392
Donovan's Store Refurbishment	78,375
Hokitika Gorge Upgrade	82,014
Westland Boys' Brigade Hall	247,349
Hokitika Regent Theatre (Stage II)	570,000
Hari Hari Community Centre	455,000
Franz Josef Community Centre	100,000
Fox Glacier Community Centre	1,000,000
Unallocated Funds	3,040,918
	6,700,000
Total Committed MDI Funding	\$20,100,000

Extraordinary Distribution Fund (EDF)

In 2011 DWC provided each of the three district councils with a one-off \$2 million Extraordinary Distribution Fund (EDF). The EDF enables each district council to fund community assets and projects that will boost local economies over a 5 year period.

Funds have been allocated to diverse projects, including the Westland Recreation Centre in Greymouth, housing for medical staff in Karamea, extensions and earthquake strengthening for a Westport retirement home, cycle trails in Westland and Buller and a new swimming pool liner in Blackball.

CASE STUDY

Reefton Power House Walk

Reefton's newest tourist attraction is already enticing visitors to spend more time in the town.

The Reefton Power House walk is a 2.5km loop around the town celebrating Reefton being the first town in the southern hemisphere to get its own public electric power supply in 1888. Along with stations in London, New York and Vienna, it was one of the earliest public suppliers of electricity in the world.

The Reefton Powerhouse Trust Inc has launched the interpretive walk as the first phase of a powerhouse development. The walk provides seating, interactive displays and signage. A smart phone app provides additional information for visitors. The walk begins and ends at the Reefton information centre encouraging tourists to spend time and money in Reefton.

EDF funding was a major catalyst to get the first phase of the project underway. The Buller District Council committed \$400,000 EDF funds on the understanding the Trust would fund raise a similar amount. The project has so far drawn down \$225,000 of the funding.

The Reefton Powerhouse Trust is ultimately seeking to rebuild and re-consent the historic hydro-electric power station on the Inangahua River. They plan to showcase a modern micro hydro station that could also generate power as an income source for the community so the story can be told from the very beginning in 1888 through to the modern day using modern technology.



Recipient Organisation	Project	Allocation
Buller District		
Buller Rugby Football Union	Lights for Craddock Park	\$25,000
Carters Beach Hall Committee	Upgrade Hall	\$50,000
Karamea Medical Assn Trust	New house for medical staff	\$195,000
Salvation Army	Building work for 'The Shed'	\$50,000
Sunset Speedway Club	Replace safety fence	\$25,000
Westport Kindergarten Assn	New facility	\$100,000
Coaltown Trust	Construct cultural Hub	\$500,000
Reefton Powerhouse	Reconstruct powerhouse	\$400,000
Mokihinui-Lyell Backcountry Trust	Old Ghost Road	\$250,000
Seddonville Community Assn	Relocate fire station & library	\$35,500
The O'Conor Institute Trust Board	Extension & earthquake strengthening	\$200,000
Westport Volunteer Fire Brigade	Support vehicle	\$15,000
Reefton Early Learning Centre	New Learning Centre	\$100,000
Tai Poutini Polytechnic	Trades Centre Training Centre	\$54,000
Balance Unallocated		\$500
Total - Buller District		\$2,000,000
Grey District		
Westland Recreation Centre	Build new indoor centre	\$600,000
Cobden Breakwater-Eco cluster	Develop Cobden breakwater	\$150,000
Southern Breakwater	Develop Southern breakwater	\$300,000
Moana Foreshore	Redevelopment	\$20,000
Cycleway Paroa -Taramakau	Complete GDC section of cycleway	\$215,000
Town Development Strategy	Improvements to CBD	\$60,000
West Coast Theatre Trust	Upgrades to Regent Theatre	\$250,000
Paroa Pony Club	Toilets to serve club & cycleway	\$60,000
Shantytown	Improvements to conference facilities	\$150,000
SPCA	New facility	\$10,000
Shantytown	Minerals display	\$10,000
West Coast Netball	Resurface Courts	\$50,000
Greymouth Golf club	River protection etc	\$20,000
St John	Emergency Power supply	\$22,500
Blackball	New pool liner	\$15,000
Nelson Creek Hall	Renovations & picnic facilities	\$5,000
West Coast Football League	Carpark Wingham Park	\$25,000
Balance Unallocated		\$37,500
Total - Grey District		\$2,000,000
Westland District		
Westland Wilderness Trail Trust	Construction of cycle trail	\$2,000,000
Balance Unallocated		\$0
Total - Westland District		\$2,000,000



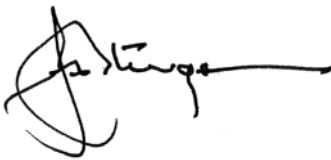
Statement of Responsibility

Trustees and management of Development West Coast accept responsibility for the preparation of these Financial Statements and the judgements used in them.

We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

We are of the opinion that these Financial Statements fairly reflect the financial position and operations of Development West Coast and Group for the year ended 31 March 2015.

Signed for and on behalf of the Trustees and Management.



John Sturgeon
Chairman
3 August 2015



Joseph Thomas
Chief Executive
3 August 2015

Independent Auditor's Report

To the readers of Development West Coast's and group's financial statements for the year ended 31 March 2015

The Auditor-General is the auditor of Development West Coast (the Trust) and group. 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 of the Trust and group on her behalf.

Opinion

We have audited the financial statements of the Trust and group on pages 22 to 44, that comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

In our opinion the financial statements of the Trust and group:

- present fairly, in all material respects:
 - the financial position as at 31 March 2015; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards.

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

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we 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 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. 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. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of

the Trust and group's financial statements 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 Trust'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 Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

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

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

Responsibilities of the Trustees

The Trustees are responsible for the preparation and fair presentation of financial statements for the Trust and group that comply with generally accepted accounting practice in New Zealand.

The Trustees' responsibilities arise from clause 22 of the Trust Deed of the Trust.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and clause 22.5 of the Trust Deed of the Trust.

Independence

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

Other than the audit, we have no relationship with or interests in the Trust or any of its subsidiaries.



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

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Note	Consolidated		Parent	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Finance Income	4	6,320	3,719	6,280	4,489
Trading Sales		1	7	0	0
Other Operating Income		490	509	246	251
Gain on Sale of Assets		0	869	0	0
Total Income		6,811	5,104	6,526	4,740
Operating Expenses	5	2,174	2,621	2,039	2,386
Share of Loss in Associates		1,178	109	0	0
Surplus before Community Distributions and Projects		3,459	2,374	4,487	2,354
Regional Development	6	865	995	865	995
Major District Initiative		319	354	319	354
Community Grants	7	459	1605	459	1605
Surplus/(Deficit) before Impairment of Assets		1,816	(580)	2,844	(600)
Impairment of Distribution Assets		425	3	3,963	0
Impairment of Associate	28	885	0	0	0
Investment Mark-to-Market (Profit)/Loss		(6,959)	(3,893)	(6,959)	(3,893)
Surplus/(Deficit) for the Year before Tax		7,465	3,310	5,840	3,293
Taxation	8	0	0	0	0
Surplus/(Deficit) for the Year		7,465	3,310	5,840	3,293
Other Comprehensive Income:					
Items that will not be reclassified to Profit and Loss:					
Share of Gain/(Loss) on Property Revaluation of Associates	20	0	159	0	0
Items that may be reclassified subsequently to Profit and Loss:					
Net Gain/(Loss) on Available for Sale Investments		1,370	(1,828)	1,370	(1,828)
Net Gain/(Loss) on Cash Flow Hedges	20	51	(170)	51	(170)
Other Comprehensive Income for the Year	20	1,421	(1,839)	1,421	(1,998)
Total Comprehensive Income for the Year		8,886	1,471	7,261	1,295

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Note	Consolidated		Parent	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Balance at 1 April		103,592	102,121	104,843	103,548
Surplus/(Deficit) for the Year		7,465	3,310	5,840	3,293
Other Comprehensive Income for the Year		1,421	(1,839)	1,421	(1,998)
Total Movements in Equity for the Year		8,886	1,471	7,261	1,295
Balance at 31 March		112,478	103,592	112,104	104,843

Consolidated Statement of Financial Position

As at 31 March 2015

	Note	Consolidated		Parent	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
ASSETS					
Current Assets					
Cash and Cash Equivalents	9	3,002	6,663	2,880	6,517
Current Tax Receivable		1	1	0	0
Trade and Other Receivables	10	311	2,704	305	1,917
Derivative Financial Instruments	15	32	29	32	29
Investments	11	75,395	62,248	74,595	61,533
Distribution Assets	12	1,772	1,555	7,556	11,500
Total Current Assets		80,513	73,200	85,368	81,496
Non-Current Assets					
Derivative Financial Instruments	15	43	0	43	0
Intangible Assets and Goodwill	14	21	21	20	20
Property, Plant and Equipment	13	5,192	4,046	2,236	1,042
Investments	11	36,479	37,079	36,479	36,430
Investment in Associate	28	2,305	3,435	0	0
Distribution Assets	12	2,155	1,801	2,155	1,801
Total Non-Current Assets		46,195	46,382	40,933	39,293
TOTAL ASSETS		126,708	119,582	126,301	120,789
LIABILITIES					
Current Liabilities					
Derivative Financial Instruments	15	204	17	204	17
Trade and Other Payables	16	5,414	5,884	5,381	5,840
Provisions	17	2,535	3,125	2,535	3,125
Total Current Liabilities		8,153	9,026	8,120	8,982
Non-Current Liabilities					
Derivative Financial Instruments	15	0	5	0	5
Trade and Other Payables	16	6,077	6,959	6,077	6,959
Total Non-Current Liabilities		6,077	6,964	6,077	6,964
TOTAL LIABILITIES		14,230	15,990	14,197	15,946
NET ASSETS		112,478	103,592	112,104	104,843
EQUITY					
Restricted Capital	19	79,514	79,514	79,514	79,514
Reserves	20	32,964	24,078	32,590	25,329
TOTAL EQUITY		112,478	103,592	112,104	104,843

Consolidated Statement of Cashflows

For the year ended 31 March 2015

	Note	Consolidated		Parent	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cash Flows from Operating Activities					
Cash was provided from:					
Receipts from Customers		0	4	0	0
Finance Income		7,356	5,141	6,014	5,130
Other Income		490	509	246	251
Cash was disbursed to:					
Payments to Suppliers, Trustees and Employees		(2,715)	(2,233)	(2,617)	(2,005)
Community Distributions and Projects		(2,809)	(5,926)	(2,809)	(5,926)
Net Cash Flows from/(used in) Operating Activities	18	2,322	(2,505)	834	(2,550)
Cash Flows from Investing Activities					
Cash was provided from:					
Proceeds from Sale of Property, Plant and Equipment		25	1,933	25	0
Proceeds on Disposal of Investments		42,458	47,400	42,458	47,400
Distribution Asset Repayments		1,065	968	3,292	1,736
Cash was disbursed to:					
Purchase of Property, Plant and Equipment		(1,275)	(19)	(1,275)	(19)
Purchase of Investments		(46,326)	(42,778)	(45,958)	(40,775)
Distribution Asset Lending		(1,930)	(405)	(3,013)	(1,157)
Net Cash Flows from/(used in) Investing Activities		(5,983)	7,099	(4,471)	7,185
Net Increase/(Decrease) in Cash and Cash Equivalents		(3,661)	4,594	(3,637)	4,635
Cash and Cash Equivalents at Beginning of Period		6,663	2,069	6,517	1,882
Cash and Cash Equivalents at End of Period	9	3,002	6,663	2,880	6,517

Notes to the Financial Statements

1 Objects

Development West Coast is a Trust for charitable purposes for the benefit of the community of the present and future inhabitants of the West Coast region. The Trust Fund may be applied and used exclusively by the Trustees for the following general purposes within New Zealand, namely:

- a) *To promote sustainable employment opportunities in the West Coast region; and*
- b) *To generate sustainable economic benefits for the West Coast region; and*
- c) *To support projects which are not the ordinary day-to-day running, maintenance and upgrade of the infrastructure that is normally the responsibility of the local authorities or central government, provided such projects meet paragraphs (a) and (b);*
provided that any private benefit conferred to any person (other than a charity) is incidental to these overriding objects.

2 Reporting Entity

Development West Coast (the parent) was established by Deed on 18 April 2001. The Group comprises Development West Coast, its subsidiary West Coast Development Holdings Limited and its subsidiaries, West Coast Development Trust Land Company Limited, West Coast Snowflake Limited, Cranberries New Zealand Limited and Forever Beech Limited. The Trust's subsidiary, West Coast Development Holdings Limited, invested in Cranley Farms Limited in the 2012 financial year and in Bold Head Farm Limited in 2015 financial year. Cranley Farms Limited and Bold Head Farm Limited are associates of the Group.

The financial statements of Development West Coast for the year ended 31 March 2015 were authorised for issue by Trustees on 3 August 2015.

3 Summary of Significant Accounting Policies

3.1 Basis of Preparation

The financial statements are General Purpose Financial Statements prepared in accordance with our Deed of Trust and generally accepted accounting practice in New Zealand. The financial statements have also been prepared on a historical cost

basis, except for derivative financial instruments, held for trading investments, available-for-sale investments, and associate land and buildings which have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

a) Differential Reporting

The Parent and Group qualify for differential reporting as they are not publicly accountable and meet the criteria to be defined as small under the framework for differential reporting. Development West Coast and the Group have taken advantage of all differential reporting exemptions, except for:

- The exemption available in NZ IAS 21 The Effects of Changes in Foreign Exchange Rates that permits qualifying entities to translate foreign currency transactions at the settlement rate; and
- The exemption available in NZ IAS 7 Cash Flow Statements that permits qualifying entities not to disclose a cash flow statement.

3.2 Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards as appropriate for public benefit entities that qualify for and apply differential reporting concessions.

3.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Development West Coast and its subsidiaries (the Group) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent. The subsidiaries have not adopted NZ IFRS and have continued to be prepared under earlier GAAP. However, the results are not inconsistent with NZ IFRS.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained and cease to be consolidated from the date on which control is transferred out.

Investments in subsidiaries held by Development West Coast are accounted for at cost less an allowance for impairment in the separate financial statements of the parent entity.

3.4 Business Combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of the business combination over the net fair value of shares of the identifiable net assets acquired is recognised as goodwill.

3.5 Investments in Associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems it has significant influence if it has over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's surplus or deficit as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3.6 Foreign Currency Translation

a) Functional and Presentation Currency

Both the functional and presentation currency of Development West Coast and its New Zealand subsidiaries is New Zealand dollars (\$).

b) Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

3.7 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand.

3.8 Trade and other Receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the receivable is not able to be collected. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

3.9 Derivative Financial Instruments

The Parent and Group uses derivative financial instruments (including forward currency contracts and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to the surplus or deficit for the year.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments. For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that are attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

3.10 Non-Current Assets and Disposal Groups held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell off an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

3.11 Investments and Other Financial Assets

Investments and financial assets in the scope of NZ IAS 39 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

Financial assets include bank accounts, investments, distribution assets and receivables.

When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

a) Recognition and Derecognition

All purchases and sales of financial assets are recognised on the trade date (ie, the date that the Parent and Group commit to purchase the asset). Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

(i) Financial Assets at Fair Value through the Profit or Loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Equity investments made through the financial markets are classified as held for trading (ie, Australasian and International Equities). Held for trading financial assets are part of a portfolio managed in accordance with Development West Coast's Trust Deed and investment policies. Gains or losses on financial assets held for trading are recognised in the surplus or deficit and the related assets are classified as current assets in the balance sheet.

(ii) Loans and Receivables

Loans and receivables, including cash, accounts receivable, term deposits and distribution assets, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets except for

those with maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Available-for-Sale Securities

Available-for-sale investments are those non-derivative financial assets, principally private equity and term bonds that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition, available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

3.12 Distribution Assets

A distribution asset is an advance or equity investment made by Development West Coast in meeting the objects of its Trust Deed. These investments are made in West Coast Enterprises as defined in the Deed. Distribution assets are classified as loans and receivables and are carried at amortised cost using the effective interest method, less an allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

In meeting its objects Development West Coast is able to utilise distribution funds to purchase assets. These assets are classified according to the relevant accounting standard and Development West Coast's accounting policies.

a) Quality of Distribution Assets

The underlying sustainable development theme of our Trust Deed requires Development West Coast to look at projects with higher risk profiles. While Development West Coast, in assessing applications, looks to reduce the overall risk profile where possible, this higher risk is reflected in the overall quality of the Distribution Assets.

b) Securities and Non-Performing Assets

As part of assessing any application for funding, Development West Coast looks to achieve the greatest possible security cover. However, in line with the development nature of Development West Coast, we can accept security positions less than the value of a Distribution Asset and lower in priority rankings.

c) Non-Performing Assets

Non-performing distribution assets are those where repayments are overdue three months or more or where a specific potential for loss has been identified.

3.13 Impairment of Financial Assets

The carrying amounts of any assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

Equity instruments are deemed to be impaired wherever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss of an investment in an equity instrument classified as available for sale is not reversed through the consolidated income statement.

The recoverable amount of loan and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are evaluated on an individual basis.

3.14 Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cranley Farms Limited revalues its Land and Building farm assets when the fair value is materially different from the carrying value. These assets are considered a separate asset class to Development West Coast's other Plant Property and Equipment.

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful life. Depreciation rates are as follows:

Office equipment	5 – 12.5 years
Computer hardware	4 years
Furniture and fittings	5 – 12.5 years
Plant and equipment	2 – 10 years
Leasehold improvements	6.5 years
Motor vehicles	5 years
Buildings	50 years
Land	Not depreciated

a) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

3.15 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

a) As a Lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

b) As a Lessor

Leases in which all the risks and benefits of ownership of the leased asset are substantially retained by the lessor are classified as operating leases. The associate fair values its farm land which is considered a separate class compared to the Groups other land and buildings. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

3.16 Impairment of Non-Financial Assets other than Goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Development West Coast conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

3.17 Goodwill and Intangibles**Intangibles**

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised

in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

- Computer software is a finite life intangible amortised over a period of four years on a straight line basis.
- Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3.18 Trade and Other Payables

Trade and other payables are carried at amortised cost and, due to their short term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

3.19 Provisions and Employee Benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free Government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

3.20 Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of Goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to a customer indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed. The risks and rewards are recognised when the goods are despatched.

b) Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

c) Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

e) Rental Revenue

Rental revenue is accounted for on a straight-line basis over the lease term.

3.21 Income Tax and Other Taxes

a) Income Taxes

Development West Coast is registered with the Charities Commission as a Charitable Trust and is therefore exempt from income tax.

In respect of subsidiary companies, income tax is accounted for using the taxes payable method. The income tax expense recorded in the income statement for the period represents the income tax payable for the period. The income tax effects of temporary differences are not recognised as the companies qualify for differential reporting exemptions.

b) Other Taxes

Development West Coast is a "registered person" in terms of the Goods and Services Act 1985. The Trust makes both standard and zero rated supplies and uses an apportionment method for other general expenditure. Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.22 Government Grants

Government grants received in advance for a project are recognised in the balance sheet as a liability when the grant is received. It is recognised as income over the periods necessary to match the costs that it is intended to compensate in the project.

Grants received in payment of expenses already incurred by Development West Coast are recognised as income at the time of invoicing.

3.23 Changes in Accounting Policies

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

3.24 Changes in Accounting Standards

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed

by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust is classified as a Tier 2 reporting entity and it will be required to apply Public Benefit Entity Accounting Standards (PAS) with Reduced Disclosure Requirements. These standards are being developed by the XRB and are mainly based

on current International Public Sector Accounting Standards. The effective date of the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means the Trust will transition to the new standards in preparing its 31 March 2016 financial statements.

4 Finance Income

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Interest on Distribution Assets	123	93	127	901
Admin fees raised on Distribution Assets	8	0	8	0
Interest on Term Deposits	568	528	568	528
Interest on Available for Sale Investments	2,383	2,581	2,383	2,581
Interest Concessions	131	202	131	202
Interest - Other	44	38	0	0
Dividends on Available for Sale Investments	358	167	358	167
Dividends on Held for Trading Investments	1,608	1,369	1,608	1,369
Net Realised Gains/(Losses) on disposal of Available for Sale Investments reclassified from Unrealised Gains Reserve	521	294	521	294
Net Realised Gains/(Losses) on Held for Trading Derivatives	0	257	0	257
Net Realised Gains/(Losses) on Held for Trading Investments	576	(1,810)	576	(1,810)
Total Finance Income	6,320	3,719	6,280	4,489

5 Operating Expenses

	Note	Consolidated		Parent	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Administration Expenses		1,039	1,185	1,034	1,148
Advisory Body Fees		70	70	70	70
Advisory Body Expenses		8	17	8	17
Auditor's Remuneration	27	102	103	83	78
Bad and Doubtful Debts		0	0	0	0
Cost of Sales		0	4	0	0
Depreciation & Amortisation	13 & 14	117	147	69	99
Directors' Fees		0	0	0	0
Election Costs		0	21	0	21
Equipment Lease Payments		3	3	3	3
External Consultancy Expenses		43	122	41	113
Farm Expenses		0	43	0	0
Finance Costs		2	2	2	2
Information & Communication Technology		31	38	31	38
Insurance & Risk Management		74	82	46	45
Investment Advisory Expenses		242	242	242	242
Legal Fees		76	134	73	102
Loss/(Gain) on Sale of Assets		(13)	7	(13)	7
Licenses		30	0	0	0
Marketing & Promotion		33	47	33	47
Occupancy		100	96	100	96
Recruitment Costs		1	53	1	53
Trustees' Remuneration		176	174	176	174
Trustees' Expenses		40	31	40	31
Total Operating Expenses		2,174	2,621	2,039	2,386

6 Regional Development

	Note	Consolidated		Parent	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Interest Concessions		131	201	131	201
Regional Partnership Network		71	69	71	69
Tourism West Coast		86	86	86	86
Business Development Unit		577	639	577	639
Total Community Distributions & Projects		865	995	865	995

7 Community Grants

Project or Recipient	2015 \$
Buller Economic Stimulus	20,000
Cyclone Ita Disaster Relief	30,000
Computer In Schools	308,113
Development West Coast Amateur Sports Trust	15,000
Tourism West Coast	5,665
Reversal of Prior Year's Allocated Grants	(10,000)
West Coast Community Trust	90,000
Total Community Grants	458,778

8 Income Tax

8.1 Income Tax Expense

	Consolidated	
	2015 \$000	2014 \$000
Surplus or (Deficit)	0	0
Current Income Tax	0	0
Income Tax Expense Reported in the Statement of Consolidated Income	0	0

8.2 Reconciliation of Tax Expense

	Consolidated	
	2015 \$000	2014 \$000
Accounting Surplus/(Deficit) Before Tax	7,465	3,310
At the Statutory Income Tax Rate of 28%	2,090	927
Adjustments in Respect of Parent (Surplus)/Deficit not Taxable	(2,342)	(959)
Adjustments in Respect of Temporary Differences	19	11
Adjustments in Respect of Permanent Differences	294	(51)
Tax (Profits)/Losses not Recognised	(61)	72
Income Tax Expense	0	0

8.3 Tax Losses

No asset has been recognised in respect of the taxation losses held by the Group. At 31 March 2015 these totalled \$10,612,991 (2014: \$10,513,235).

9 Cash and Cash Equivalents

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cash at Bank and On Hand	3,002	6,663	2,880	6,517
Total Cash and Cash Equivalents	3,002	6,663	2,880	6,517

As at 31 March 2015, Development West Coast had \$12,663,895 (2014: \$8,644,000) on short term deposit at registered banks. These deposits are classified as investments in the annual accounts.

10 Trade and Other Receivables

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Trade Receivables	40	13	40	0
GST Refund Receivable	23	61	32	67
Related Party Receivables	0	0	0	517
Prepayments	29	0	14	0
Sundry Receivables	219	2,630	219	1,333
Carrying Amount of Trade and Other Receivables	311	2,704	305	1,917

10.1 Related Party Receivables

For terms and conditions of related party receivables refer to note 22.

11 Investments

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Available for Sale Investments	47,583	45,975	46,783	44,611
Held for Trading Investments	51,627	44,708	51,627	44,708
Term Deposits	12,664	8,644	12,664	8,644
Total Investments	111,874	99,327	111,074	97,963
Current Assets	75,395	62,248	74,595	61,533
Non Current Assets	36,479	37,079	36,479	36,430
Total Assets	111,874	99,327	111,074	97,963

Available-for-sale investments consist of investments in alternative assets and fixed term bonds.

Held for trading investments consist of investments in ordinary shares and listed property, and therefore have no maturity date or coupon rate.

Financial assets that are classified as loans and receivables are shown as follows:

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cash and Cash Equivalents	3,002	6,663	2,880	6,517
Trade and Other Receivables	311	2,704	305	1,917
Term Deposits	12,664	8,644	12,664	8,644
Advances to Associate	800	1,364	0	0
Distribution Assets (Gross)	4,536	3,609	25,152	24,849
Total Loans and Receivables	21,313	22,984	41,001	41,927

12 Distribution Assets

The distribution assets can be further analysed as follows:

Class	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Current Distributions	2,380	1,808	22,997	23,048
Less Provision for Impairment	608	253	15,441	11,548
Net Current Distributions	1,772	1,555	7,556	11,500
Non-Current Distributions	2,155	1,801	2,155	1,801
Less Provision for Impairment	0	0	0	0
Net Non Current Distributions	2,155	1,801	2,155	1,801
Net Distributions	3,927	3,356	9,711	13,301
Investment in Subsidiaries			5,222	5,222
Loans to Subsidiaries			15,394	16,018
Loans to Other Parties			4,536	3,609
			25,152	24,849
Less Provision for Impairment			15,441	11,548
Total			9,711	13,301

12.1 Related Party Distribution Assets

\$20,616,624 of Distribution Assets were invested in subsidiaries of Development West Coast at 31 March 2015 (2014: \$21,240,000) and there was a \$14,832,701 provision for impairment relating to these balances (2014: \$11,295,000). There were no write offs of amounts of distribution assets outstanding from subsidiaries of Development West Coast during the year ending 31 March 2015 (2014: \$nil).

For terms and conditions of related party receivables refer to note 22.

13 Property, Plant and Equipment

Consolidated	Motor Vehicles \$000	Plant & Machinery \$000	Furniture & Fittings \$000	Office Equipment \$000	Leasehold Improvements \$000	Computer Hardware \$000	Land & Buildings \$000	Art Collection \$000	Total \$000
At Cost									
Balance at 1 April 2013	198	237	138	70	86	164	4,113	7	5,013
Additions	0	0	0	0	0	20	0	0	20
Disposals	0	0	(6)	(1)	0	(25)	0	0	(32)
Balance at 31 March 2014	198	237	132	69	86	159	4,113	7	5,001
Balance at 1 April 2014	198	237	132	69	86	159	4,113	7	5,001
Additions	70	0	0	0	0	7	1,197	0	1,274
Disposals	(76)	(237)	0	(16)	0	0	(3)	0	(332)
Balance at 31 March 2015	192	0	132	53	86	166	5,307	7	5,943
Depreciation and Impairment Losses									
Balance at 1 April 2013	84	237	70	61	73	146	181	0	852
Depreciation Charge for the Year	40	0	11	4	4	12	57	0	128
Disposals	0	0	(3)	(1)	0	(21)	0	0	(25)
Balance at 31 March 2014	124	237	78	64	77	137	238	0	955
Balance at 1 April 2014	124	237	78	64	77	137	238	0	955
Depreciation Charge for the Year	34	0	11	2	4	10	56	0	117
Disposals	(65)	(237)	0	(16)	0	0	(3)	0	(321)
Balance at 31 March 2015	93	0	89	50	81	147	291	0	751
Net Carrying Amount									
At 31 March 2013	114	0	68	9	13	18	3,932	7	4,161
At 31 March 2014	74	0	54	5	9	22	3,875	7	4,046
At 31 March 2015	99	0	43	3	5	19	5,016	7	5,192

Property, Plant and Equipment cont...

Parent	Motor Vehicles \$000	Plant & Machinery \$000	Furniture & Fittings \$000	Office Equipment \$000	Leasehold Improvements \$000	Computer Hardware \$000	Land & Buildings \$000	Art Collection \$000	Total \$000
At Cost									
Balance at 1 April 2013	197	0	138	55	86	164	910	7	1,557
Additions	0	0	0	0	0	20	0	0	20
Disposals	0	0	(6)	(1)	0	(25)	0	0	(32)
Balance at 31 March 2014	197	0	132	54	86	159	910	7	1,545
Balance at 1 April 2014	197	0	132	54	86	159	910	7	1,545
Additions	70	0	0	0	0	7	1,197	0	1,274
Disposals	(76)	0	0	0	0	0	0	0	(76)
Balance at 31 March 2015	191	0	132	54	86	166	2,107	7	2,743
Depreciation and Impairment Losses									
Balance at 1 April 2013	83	0	70	46	73	146	30	0	448
Depreciation Charge for the Year	40	0	11	4	4	12	9	0	80
Disposals	0	0	(3)	(1)	0	(21)	0	0	(25)
Balance at 31 March 2014	123	0	78	49	77	137	39	0	503
Balance at 1 April 2014	123	0	78	49	77	137	39	0	503
Depreciation Charge for the Year	34	0	11	2	4	10	8	0	69
Disposals	(65)	0	0	0	0	0	0	0	(65)
Balance at 31 March 2015	92	0	89	51	81	147	47	0	507
Net Carrying Amount									
At 31 March 2013	114	0	68	9	13	18	880	7	1,109
At 31 March 2014	74	0	54	5	9	22	871	7	1,042
At 31 March 2015	99	0	43	3	5	19	2,060	7	2,236

14 Intangible Assets

	Consolidated			Parent
	Computer Software \$000	Other Intangible Assets \$000	Total \$000	Computer Software \$000
At Cost				
Balance at 1 April 2013	93	51	144	93
Additions	0	0	0	0
Disposals	0	0	0	0
Balance at 31 March 2014	93	51	144	93
Balance at 1 April 2014	93	51	144	93
Additions	0	0	0	0
Disposals	0	(1)	(1)	0
Balance at 31 March 2015	93	50	143	93
Accumulated Amortisation and Impairment				
Balance at 1 April 2013	54	50	104	54
Amortisation and Impairment Losses	19	0	19	19
Disposals	0	0	0	0
Balance at 31 March 2014	73	50	123	73
Balance at 1 April 2014	73	50	123	73
Amortisation and Impairment Losses	0	0	0	0
Disposals	0	(1)	(1)	0
Balance at 31 March 2015	73	49	122	73
Net Carrying Amount				
At 31 March 2013	39	1	40	39
At 31 March 2014	20	1	21	20
At 31 March 2015	20	1	21	20

15 Derivative Financial Instruments

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Current Asset/(Liability)				
Currency Option Contracts – Held for Trading	(204)	(17)	(204)	(17)
Interest Rate Swap Contracts – Cash Flow Hedge	32	29	32	29
	(172)	12	(172)	12
Non Current Asset/(Liability)				
Currency Option Contracts – Held for Trading	0	0	0	0
Interest Rate Swap Contracts – Cash Flow Hedge	43	(5)	43	(5)
	43	(5)	43	(5)
Total Derivative financial Instruments	(129)	7	(129)	7

All movements in fair value for those derivatives classified as Held for Trading are recognised in profit or loss in the year they occur. Movements in fair value for those derivatives classified as Cash Flow Hedge are recognised in balance sheet reserves in the year they occur.

15.1 Instruments used by the Group

a) Currency Option Contracts – Held for Trading

Development West Coast has entered into currency option contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

These contracts are fair valued using the Bloomberg option pricing model which is generally accepted as a global financial market standard valuation model. All movements in fair value are recognised in the profit or loss in the period they occur. The net fair value losses for the Group and Parent were \$203,561 (2014: \$17,212 loss).

b) Interest Rate Swap Contracts – Cash Flow Hedges

Development West Coast has entered into interest rate swap contracts under which it has the right to receive interest at a fixed rate and to pay interest at variable rates. The contracts entered into satisfy the requirements for hedge accounting.

The swaps in place total \$3.0 million (2014 \$3.0 million) allowing Development West Coast to convert floating rate investments that pay Development West Coast BKBM plus a margin, to a fixed rate. The effective fixed rate locked in is 6.62% (2014 6.62%).

16 Trade and Other Payables

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Trade Payables	533	663	533	662
Employee Entitlements	49	35	49	35
Sundry Creditors	10,909	12,145	10,876	12,102
Carrying Amount of Trade and Other Payables	11,491	12,843	11,458	12,799
Current Liabilities	5,414	5,884	5,381	5,840
Non Current Liabilities	6,077	6,959	6,077	6,959
Carrying Amount of Trade and Other Payables	11,491	12,843	11,458	12,799

Trade and other payables are classified as financial liabilities at amortised cost. For terms and conditions relating to related party payables refer to note 22.

16.1 Sundry Creditors Analysis

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Sundry Creditors	445	973	412	930
Major Regional Initiative	207	207	207	207
Major District Initiative	9,043	9,441	9,043	9,441
Other Community Grants	1,214	1,524	1,214	1,524
Total Sundry Creditors	10,909	12,145	10,876	12,102

17 Provisions

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Current				
Provision for Extraordinary Distribution Fund	2,535	3,125	2,535	3,125
	2,535	3,125	2,535	3,125

17.1 Extraordinary Distribution Fund (EDF)

In the 2012 financial year, through a change in the Trust Deed, the Trustees were empowered to create a special fund within the books of the Trust, by the transfer from the Restricted Capital to the EDF of up to \$6,000,000. The EDF is an exceptional, once-only fund. The EDF is to be used as a fund from which grants may (at the discretion of the Trustees) be made to any of the West Coast district councils (up to a maximum amount of \$2,000,000 for each West Coast district council) in order to fund the undertaking of community projects which are within the Objects. It is expected the remaining funds will be paid to the district councils in the 2015 financial year and therefore the EDF is classed as a current liability.

17.2 Unused Amounts Reversed

No unused amounts were reversed during 2014 or 2015 in respect of the Group. No unused amounts were reversed in the Parent in 2014 or 2015.

18 Cash Flow Statement Reconciliation

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Reconciliation of Net Profit(Loss) after Tax to Net Cash Flows from Operations				
Net Surplus/(Deficit)	7,465	3,310	5,840	3,293
Adjustments for Non-Cash Items:				
Depreciation and Amortisation	117	147	69	99
Impairment and Write-Off of Trade & Distribution Assets	425	3	3,963	0
Capitalised Distribution Asset Admin Fees	(8)	0	(8)	0
Capitalised Distribution Asset Interest	(123)	(93)	(127)	(901)
Realised (Gain)/Loss included in Investing Activities	(1,097)	1,810	(1,097)	1,810
Accrual relating to Investment Activities	0	(857)	0	(857)
Accrual relating to Investment Activities	0	885	0	885
(Surplus)/Loss on Disposal of Property, Plant and Equipment	(12)	(889)	(12)	7
Share of Associate's (Profit)/Loss	1,178	109	0	0
Impairment of Associate	885	0	0	0
Transfer Investment to Accounts Receivable	0	1,290	0	0
Transfer Accounts Receivable to Distribution Assets	0	0	(516)	0
Net Fair Value Change on Financial Instruments Valued at Fair Value	(6,959)	(3,893)	(6,959)	(3,893)
Total Adjustments	1,871	(1,488)	1,153	2,850
Changes in Assets and Liabilities				
(Increase)/Decrease in Trade and Other Receivables	2,393	(2,268)	1,612	(952)
(Decrease)/Increase in Trade and Other Payables	(1,352)	(15)	(1,341)	4
(Decrease)/Increase in Provisions	(590)	(2,044)	(590)	(2,045)
	451	(4,327)	(319)	(2,992)
Net Cash from Operating Activities	2,322	(2,505)	834	(2,550)

19 Restricted Capital

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Restricted Capital	79,514	79,514	79,514	79,514

19.1 Nature of Restricted Capital

Restricted capital is classified as equity. It is comprised of the initial capital (\$92m) and is reduced from time to time in accordance with clause 11 of the Trust Deed as follows:

- 11.1 The Trustees may distribute up to 5% of the initial capital in any financial year to recommended recipients provided that the income has been fully distributed or set aside for distribution to recommended recipients;
- 11.2 Subject to clause 11.3, no further applications of the restricted capital can be made under clause 11.1, once the restricted capital is reduced to \$50 million; and
- 11.3 The Trustees may only pay or apply further amounts under clause 11 with the written approval of the Settlor.

Movement in Restricted Capital	\$000
At 1 April 2013	79,514
Transfers to Distribution Fund	0
At 1 April 2014	79,514
Transfers to Distribution Fund	0
At 31 March 2015	79,514

The Parent and Group are not subject to any other externally imposed capital requirements.

20 Reserves

20.1 Movements in Reserves - Consolidated

	Distribution Fund	Net Unrealised Gains Reserve	Cash Flow Hedge Reserve	Revaluation Reserve	Total Reserves
Consolidated	\$000	\$000	\$000	\$000	\$000
At 31 March 2013	20,230	1,942	194	241	22,607
Net Gains on Available-for-Sale Investments		(1,534)			(1,534)
Reclassification to Finance Income on disposal of Investment		(294)			(294)
Net Gains/(Losses) on Cash Flow Hedges			(170)		(170)
Share of Gain/(Loss) on Property Revaluation of Associates				159	159
Net Surplus/(Deficit) for the Year	3,310				3,310
At 31 March 2014	23,540	114	24	400	24,078
Net Gains on Available-for-Sale Investments		1,891			1,891
Reclassification to Finance Income on disposal of Investment		(521)			(521)
Net Gains/(Losses) on Cash Flow Hedges			51		51
Share of Gain/(Loss) on Property Revaluation of Associates					0
Net Surplus/(Deficit) for the Year	7,465				7,465
At 31 March 2015	31,005	1,484	75	400	32,964

20.2 Movements in Reserves - Parent

	Distribution Fund	Net Unrealised Gains Reserve	Cash flow Hedge Reserve	Total
Parent	\$000	\$000	\$000	\$000
At 31 March 2013	21,898	1,942	194	24,034
Net Gains/(Losses) on Available-for-Sale Investments		(1,534)		(1,534)
Reclassification to Finance Income on disposal of Investment		(294)		(294)
Net Gains/(Losses) on Cash Flow Hedges			(170)	(170)
Net Surplus/(Deficit) for the Year	3,293			3,293
At 31 March 2014	25,191	114	24	25,329
Net Gains/(Losses) on Available-for-Sale Investments		1,891		1,891
Reclassification to Finance Income on disposal of Investment		(521)		(521)
Net Gains/(Losses) on Cash Flow Hedges			51	51
Net Surplus/(Deficit) for the Year	5,840			5,840
At 31 March 2015	31,031	1,484	75	32,590

20.3 Nature and Purpose of Reserves

a) Net Unrealised Gains Reserve

This reserve records movements in the fair value of available-for-sale financial assets.

b) Cash Flow Hedge Reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

c) Distribution Fund Reserve

This reserve is the income and the amount of Restricted Capital available for distribution, in accordance with Clause 11 of the Trust Deed.

d) Asset Revaluation Reserve

This represents the Group's share of the Asset Revaluation Reserve recognised by its associate.

21 Capital Management

Development West Coast's capital is its equity, which comprises the Restricted Capital and Reserves. These are described in notes 19 and 20 in this report. Equity is represented by net assets and is referred to in the Trust Deed as Trust Funds.

The Trust Deed details the Board of Trustees duties in managing the Trust Funds which shall be managed in a manner which provides adequate and reasonable protection of the funds to ensure both present development opportunities are taken and current and future generations will benefit from the establishment of the Trust Fund.

Development West Coast's initial Investment Fund was comprised of the Restricted Capital and is to be managed by the Trustees with the assistance of Investment Advisors. The Investment Fund must be invested in accordance with the Statement of Investment Policies and Objectives.

Income from the Investment Fund, together with transfers from the Restricted Capital as allowed by the Trust Deed, makes up the Distribution Fund.

22 Related Party Disclosure

22.1 Subsidiaries

The consolidated financial statements include the financial statements of Development West Coast and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest	
		2015	2014
Forever Beech Limited	New Zealand	100	100
West Coast Development Holdings Limited	New Zealand	100	100
West Coast Development Trust Land Company Limited	New Zealand	100	100
West Coast Snowflake Limited	New Zealand	100	100
Cranberries New Zealand Limited	New Zealand	100	100

22.2 Associates

The Group has a 43.5% interest in Cranley Farms Limited (2014 43.5%) and 27.3% in Bold Head Farm Limited (2014 0%)

22.3 Ultimate Parent

Development West Coast is the ultimate parent entity.

22.4 Transactions with Related Parties

- During the year, Development West Coast advanced \$1,083,248 (2014 \$752,000) to its subsidiary West Coast Development Holdings Limited and was repaid \$2,227,218 (2014 \$767,750). As at 31 March 2015 \$15,544,877 (2014 \$16,684,353) was owing to Development West Coast. Interest is payable on this amount at rates of between 0% and 8% p.a. and interest of \$4,494 (2014 \$808,170) was charged during the year. Development West Coast is the parent of West Coast Development Holdings Limited.
- During the year, Development West Coast was repaid \$nil (2014 \$nil) by its subsidiary Forever Beech Limited. As at 31 March 2015, Development West Coast had invested equity of \$3,700,000 (2014 \$3,700,000) and, including capitalised interest, had advanced \$1,371,747 (2014 \$1,371,747). Interest has ceased to be charged on this debt.
- At 31 March 2015, Development West Coast was owed \$45 (2014 \$45) by West Coast Development Trust Land Co Limited, and \$nil (2014 \$45) by Cranberries New Zealand Limited. Development West Coast was repaid \$45 (net of expenses paid) on behalf of Cranberries New Zealand Limited. West Coast Development Trust Land Co Limited, West Coast Snowflake Limited and Cranberries New Zealand Limited

are subsidiaries of West Coast Development Holdings Limited. Development West Coast is the parent of West Coast Development Holdings Limited.

- d) Development West Coast provides accounting and other services to Forever Beech Limited, West Coast Development Trust Land Co. Limited, West Coast Snowflake Limited and West Coast Development Holdings Limited. No management fees are currently charged for these services. No debts owing to Development West Coast by a subsidiary were forgiven during the year (2014 \$nil).
- e) During the year Development West Coast purchased on normal commercial terms goods and services totalling \$23,797 (2014 \$14,431) from Hannan and Seddon. Mr Colin Smith, a Trustee of Development West Coast, is a Partner at Hannan and Seddon. During the year Development West Coast purchased on normal commercial terms goods and services totalling \$2,533 (2014 \$nil) from Stations 2004 Limited, trading as Stations Inn. Mr Hugh Little, a shareholder in Stations 2004 Limited, is a Trustee of Development West Coast.

23 Commitments Leasing Commitments

Operating Lease Commitments – as Lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2015 are as follows:

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Within one year	36	23	36	23
After one year but not more than five years	11	12	11	12
Total Minimum Lease Payments	47	35	47	35

During the year ended 31 March 2015 \$77,705 for the Group and \$77,705 for the Parent were recognised as an operating lease expense in the surplus or deficit (Group 2014: \$75,690, Parent 2014: \$75,690).

23.1 *Property, Plant and Equipment Commitments*

Development West Coast and the Group had no contractual obligations to purchase plant and equipment at balance date (Parent 2014: nil; Group 2014: nil).

23.2 *Future Distributions*

At balance date, \$3,837,944 (2014 \$350,000) of the total funding approved by Trustees was either under consideration by the client or was undrawn against the accepted facilities.

23.3 *Alternative Assets*

At balance date Development West Coast had commitments to capital contributions for investments in Private Equity Funds. If fully called, the commitment totals \$4,510,165 (2014 \$5,894,583)

24 Contingencies

The Group had no contingent assets or liabilities at 31 March 2015 (2014 Nil).

25 Enquiries and Applications

For the financial year ending 31 March 2015, Development West Coast received 40 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2014-15	Type	Quantity	Value \$000
Total Applications Received		12	20,048
Trustee Approved	Loans	6	6,975
CEO Approved under Delegated Authority	Loans	3	31
Offers under Consideration by Applicants		0	0
Applications Withdrawn		3	7,667

26 Events after Balance Date

- Subsequent to balance date the Group entered into agreements to advance funds to its associate Cranley Farms Limited and invest in farm land at Kawhaka. The farm land will be leased to Cranley Farms Limited.
- Subsequent to balance date the Group entered into a limited partnership agreement to invest in Putake West Coast LP, a commercial honey producer. The Group will own 50% of Putake West Coast LP.

27 Auditor's Remuneration

The auditor of Development West Coast is Audit New Zealand, on behalf of the Auditor-General.

	Consolidated		Parent	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Amounts received or due and receivable by Audit New Zealand for:				
Audit of the Financial Statements 2015	98	0	76	0
Audit of the Financial Statements 2014	1	100	1	75
Audit of subsidiaries 2015	5	0	6	0
Audit of subsidiaries 2013	0	3	0	3
Audit of subsidiaries 2012	(2)	0	0	0
	102	103	83	78

28 Investments in Associates

28.1 Investment Details

	Note	Consolidated		Parent	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cranley Farms Limited		1,500	3,435	0	0
Bold Head Farm Limited		805	0	0	0
		2,305	3,435	0	0

28.2 Movement in the carrying amount of investments in associates

	Note	Consolidated	
		2015 \$000	2014 \$000
At 1 April		3,435	3,385
Investment in Bold Head Farm Limited		933	0
Share of profits/(losses) after tax		(1,178)	(109)
Impairment of Associate		(885)	0
Share of movements in equity		0	159
At 31 March		2,305	3,435

28.3 Cranley Farms Limited

In May 2011 West Coast Development Holdings Limited invested \$4,351,523 in shares in Cranley Farms Limited. Due to this investment the Group owns 43.5% of Cranley Farms Limited and Cranley Farms Limited is classed as an associate of the Group. Cranley Farms Limited has a balance date of 31 May. As this date is within 3 months of Development West Coast Group's balance date Cranley Farms Limited's accounts for 31 May 2015 have been used to apply the equity method of accounting for the investment.

28.4 Bold Head Farm Limited

In June 2014 West Coast Development Holdings Limited invested \$933,248 in shares in Bold Head Farm Limited. Due to this investment the Group owns 27.3% of Bold Head Farm Limited and Bold Head Farm Limited is classed as an associate of the Group. Bold Head Farm Limited has a balance date of 31 May. As this date is within 3 months of Development West Coast Group's balance date Bold Head Farm Limited's accounts for 31 May 2015 have been used to apply the equity method of accounting for the investment.

28.5 Other Associates

Development West Coast is able to appoint a board member to Tourism West Coast Incorporated. During the year under review Tourism West Coast had a board member appointed by Development West Coast. The member appointed has 20% of the voting rights to this entity.

Development West Coast makes distributions to Tourism West Coast for operational purposes but does not have any rights to any distributions from this entity. Therefore no income, expenses or assets are recognised in respect of this funding.



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COVER PHOTO

Cyclists above the bushline on the spectacular Old Ghost Road mountain bike track between Mokihinui and Lyell.

Photo: Jason Blair | katabatic.co.nz