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## Vision

The Trust will play an ongoing valuable role in promoting the West Coast as a wealthy, growing, sustainable, vibrant and socially inclusive region.

The Trust will foster a positive attitude to life and learning.

The Trust's role will be to assist and encourage the successful use of the West Coast's unique physical, cultural, environmental, and heritage endowments as competitive advantages and catalysts in developing a modern, diversified small region economy.

## Mission

The Trust will help create an environment for sustainable investment, development and employment to which people are attracted.

## Values

The Trust will incorporate these values in its policies, processes, investments, operations and decision making.

- Exhibit long term planning and good judgement to promote its intergenerational responsibility
- Have a broad perspective, understanding and interaction with the region
- Undertake effective dialogue, debate and communication
- Be proactive by showing leadership and vision
- Take sufficient risks to generate sustainable innovation in a supportive environment
- Be equitable and consistent in dealings with customers
- Strive for systemic, sustainable solutions
- Recognise the roles and contributions of individuals and organisations
- Not only do things right, but do the right things by prioritising

# Directory

## Trustees

### Present

Dooley, Mr F T (Chairman)  
Coll, Mrs J C  
Copeland, Mr M  
Carruthers, Mr D L from 01/04/05  
Fraser, Mrs S J from 01/11/04  
Kokshoorn, Mr A F from 01/11/04  
Lockington, Mr M from 01/07/05  
Shahadat, Mr M from 01/04/05  
White, Mrs C P from 01/04/05  
Wilkinson, Mr B T from 01/04/05  
Williams, Mrs G A from 01/04/05  
Wilson, Mr B A from 01/08/04

### Past

Auchinvole, Mr C J until 31/03/05  
Bamfield, Mr L A until 31/03/05  
Boustridge, Mr I C until 31/03/05  
Brown, Mr K R until 31/10/04  
Drylie, Mr J F until 31/10/04  
Duncan, Mr M W until 31/03/05  
Pegley, Mr A J until 31/03/05  
Sawyers, Mr W H M until 30/04/05

**Chief Executive Officer** Trousselot, Mr M C

**Registered Office**  
1st Floor  
112 Mackay Street  
P O Box 451  
Greymouth

**Advisory Body**  
Cox, Mr G (Chairman)  
Gemmell, Mr B  
Isles, Mr J  
Mills, Mr W

**Legal Advisors**  
Hannan & Seddon  
P O Box 8  
Greymouth  
Buddle Findlay  
P O Box 322  
Christchurch

**Bankers**  
Westpac  
Revell Street  
Hokitika

**Investment Advisors**  
Bancorp Treasury Services Ltd  
P O Box 4270  
Auckland  
Goldman Sachs JBWere (NZ) Ltd  
P O Box 887  
Auckland

**Auditors**  
Audit New Zealand  
P O Box 2  
Christchurch  
On behalf of the Auditor-General

# Chairman's Report

The 2005 financial year brought to completion the term of the inaugural Trustees. I would like to place on record my sincere thanks for the tremendous contribution made by the inaugural Trustees to the establishment of the Trust. Their tireless commitment has seen the Trust progress from its genesis of a Trust Deed and a blank sheet of paper to what is now an effective and professional organisation.

In the last year I have welcomed nine new Trustees. The community has elected a competent and professional group who have maintained the momentum and positive pathway set by the inaugural Trustees.

The turnover of Trustees is however seen by me as a major risk to the organisation and a priority for consideration during the upcoming operational review will be: "what is the appropriate size and best methodology for electing/appointing Trustees?"

I would also like to acknowledge our former Mayors Pat O'Dea, Kevin Brown and John Drylie, Chairman of the Regional Council John Clayton and our Member of Parliament Damien O'Connor for their efforts in negotiating and establishing the Trust. I am sure, five years ago, they never envisaged the influential organisation we now have. They went to great lengths to ensure the compensation fund was protected for both the present and future inhabitants of our region. We will all reap the rewards of their collective wisdom and foresight.

## Economic Overview

The West Coast economy continues to run hot.

The minerals sector is investigating hundreds of millions of dollars of development expenditure into our region's multi billion dollar resource base.

Tourism visitor numbers and spend projections are for continued strong growth of 28% by 2010.

West Coast agriculture and horticulture sectors also continue to expand with dairy herd and dairy conversion growth and increasing fruit and vegetable production.

In the 2004 calendar year, the number of full time equivalent jobs increased by 4.2% and the number of business units operating throughout the region grew by 8.2%.

National economic surveys continue to show the West Coast as one of the fastest growing regions in the country. The rapid growth however needs to be balanced by solid infrastructure planning and sensible environmental management which is the challenge currently facing our local and regulatory authorities.

## Major District Initiatives/ Community Projects

The Trust has tasked itself with supporting community strategies essential to reinforce the economic drivers and over the past three years has injected over \$5.2 million into such projects. Subject to the Trust achieving a minimum 3% per annum growth, Trustees have recently decided to set aside \$1 million a year for major district initiatives; each district being eligible to access up to \$3 million over a nine year period. The Trust will consult with District Councils on their long term community plans to establish the district priorities that will be evaluated for approval.

Major district initiatives will be required to meet the objectives of the Trust Deed in addition to being high priority projects for each specific district.

## Major Regional Initiatives

The Trust also supported Venture West Coast and the Buller District Council in recommending to Government the Oparara Valley Project Trust as the region's first major regional initiative. It is a good fit with the Regional Tourism Strategy and the Trust sees the development of a series of significant tourism attractions as a priority for regional development over the next ten years. The Oparara Valley Trust was intended to be the first of these, with later potential developments in locations such as Denniston, Punakaiki and Shantytown.

The final identification and support of these projects will be related to the objectives of the Regional Tourism Strategy and the support of the industry, stakeholders and funders/ investors for each project.

## Regional Tourism Strategy

The West Coast is an important part of New Zealand's tourism experience and we need to plan for future tourism growth generated at a national and district level.

By 2010, West Coast visitor nights are forecast to increase to 3.4 million and tourism expenditure is forecast to increase to \$517 million.

The Trust is working with Tourism West Coast, the Tourism Industry and regional stakeholders to develop a regional tourism strategy and a business case will be developed to identify the governance, funding streams and potential projects required to implement the strategy.

## Venture West Coast and the Trust's Regional Project Unit

Venture West Coast has been put into recess and the Trust has agreed to accept the transition of Venture West Coast projects, contracts and responsibilities into its Regional Projects Unit.

The Trust will combine its existing projects, such as Enterprise Training and Education to Business, into its Unit and will also pick up the Regional Partnership Programme, Regional Strategy Programme and Major Regional Initiative Programme all administered by NZTE. The Projects Unit will also consolidate Trust input into initiatives such as Minerals West Coast, Project Probe, ICT strategy preparation, Education West Coast, Employment Action Group, Regional Economic Indicator Project and freight transport.

An Industry Advisory Committee will also be set up to regularly meet with local authority leaders to discuss progress on infrastructure needs.

## West Coast Literacy Project February 2005- December 2007

Education is a key component of the Trust's long term strategy and in the past year, over \$2.1 million has been set aside or contributed to education based initiatives, the largest single sum being nearly \$1.8 million to a Literacy Project.

In the rapidly changing world economy, the core competency of literacy is recognised as the major prerequisite to achieving in both work and life spheres which supports communities in building regional economic wealth.

It was upon this premise the Trust decided to invest in a major regional literacy initiative which aims to lift literacy levels to the highest standards possible and comparable to the highest achieving areas in New Zealand.

If children fall behind normal achievement levels during their primary school years, educational failure in the secondary and tertiary years is greatly exacerbated. Likewise, high literacy levels in primary school predict high academic attainment in the secondary and tertiary years.

The Trust engaged the Woolf Fisher Centre of Auckland University to scope the project and has contracted a three-year research and development programme focused on Transition to School (literacy and language learning in early childhood and over year 1 at primary school); comprehension in the middle and upper primary years (years 4-8) and writing in the middle primary school years.

## Holding Company and Subsidiaries

In the 2005 year, the Trust established a Holding Company to hold its major direct equity investments in the region.

Subsidiaries include a combination of fully owned Trust companies (e.g. a land owning company and a research and development company) and majority owned subsidiaries such as Forever Beech Ltd.

This structure will hold many of our long term industry development investments and the Trust will take a long term view on the economic impact of its subsidiaries, many of which will take a measured journey to profitability over a period of years.

## Operations

The Trust's financial performance is discussed in more detail in the Chief Executive Officer's report but given the very strong performance, Trustees have taken the opportunity to provide over \$1.9 million additional provisioning against distribution asset write-offs. As at 31 March 2005, the total provisions stood at \$2.219 million.

## Conclusion

I once again thank my fellow Trustees, Advisory Body Members, Investment Advisors, Subsidiary Company Directors and other external advisors for what has been another very satisfactory year.

My thanks to Mike Trousselot, the Trust's Chief Executive Officer and his dedicated staff who all have a very important role in the ongoing success of the Trust and overcoming the continuing challenges facing us as a region.

One of the challenges is to regularly measure ourselves against our mission:

*"the Trust will help create an environment for sustainable investment, development and employment to which people are attracted."*

Are we meeting this challenge? Absolutely, thanks to the commitment and investment of time made by so many into the advancement of our region.

**FT Dooley  
Chairman**

# Chief Executive Officer's Report

## Regional Economic Performance

A West Coast "indicators" project was completed by BERL as at December 2004.

It showed a strong and growing economy across a wide range of sectors including tourism, dairy, construction, mining, education and service industries.

## Strategic Direction of the Trust

Due to the strength of the local economy the Trust needs to work with industry and the community to facilitate and underpin the growth in our high performing region. This will include assisting with:

- Attraction of labour
- Productivity of both people and businesses
- Enabling access to resources
- Advocating for infrastructural requirements
- Enhancing community attractiveness and wellbeing
- Investing into existing businesses with expansion potential

It is particularly pleasing to report good progress by the region on the achievement of many of the initial strategic goals of the Trust which included:

Goals	Regional Outcome
1. Regional GDP growth exceeds New Zealand average	Achieved
2. Growth in tourism bed nights and spending above New Zealand average	Achieved
3. Unemployment rate reduced	Achieved
4. Literacy rate increased	Under action – Literacy project
5. New events created	Achieved
6. Infrastructure progress occurring	Under action – A range of projects
7. Business start ups above New Zealand average	Achieved

The achievement of many of these goals is a result of the combined efforts of the region. While many of the Trust's original goals were to move West Coast statistics to above the New Zealand average, there is still more scope for the region to achieve top quartile regional performance across an even wider range of economic indicators and we will be pushing for this.

## Financial Performance

The Group had an excellent year to 31 March 2005 with total revenue of over \$10.7 million, \$3.6 million (51%) up on 2004 income. Operating expenses before write downs and provisions were of a similar level to 2004 expenditure. The Group earned an operating surplus of \$7.1 million up \$3.3 million (86%) on 2004. From the operating surplus the Trust committed \$3.8 million in community distributions and projects, \$2.9 million (355%) up on 2004. The net surplus for the year was \$3.4 million.

Of the \$3.8 million in community funding \$2.1 million was committed to education and training initiatives on the West Coast, which is expected to have a multi generation impact in improving the career performance of our students and in enhancing the West Coast economy.

The Group's equity has been increased to \$110.2 million. The Group has therefore added over \$18 million to the opening equity of the Trust since commencement, while having distributed over \$5.2 million dollars to community distributions and projects in its first four years.

The Group holds total assets of \$114 million at balance date of which \$3 million is committed to pre-funding significant projects approved over the next two to three years.

## Staff

At the year end our staff complement was fourteen. External contracts for Enterprise Training and education projects are held which fund three of these positions. In the current year external contract funding is budgeted to provide revenue for up to six of the Trust's positions. The Trust sees it as important to continue to bring external contracted funding into the West Coast and into providing services to the West Coast community.

A key new appointment was that of Bruce Thomas as the Senior Relationship Manager. Bruce joined the Trust from his previous role as Commercial Manager with the Bank of New Zealand, West Coast region.

Staff have been committed and hard working and have helped produce the excellent financial and operational results of the Trust this year. There will be an even greater concentration of staff into the regional development area in the current year, as the Trust picks up the functions and projects of Venture West Coast and boosts its economic development functions.

## Major Community Distributions

The Trust was pleased to support a range of community projects and distributions in the 2004 – 05 financial year totalling \$3.8 million.

Major projects included:

	\$000's
Shantytown redevelopment project	\$250
St John's Hokitika	\$100
Energy conservation project for elderly and unwell	\$140
West Coast Literacy Project	\$1,792
Minerals West Coast	\$165
Regional Profile	\$100

## Major Business Distributions

The Trust analysed twenty five applications to the value of \$19.4 million. Sixteen applications were recommended for approval by the Advisory Body totalling \$11.9 million. Trustees approved 18 applications totalling \$12.7 million of which \$4.1 million lapsed or declined, \$6.9 million were under negotiation, and \$3.8 million were accepted by clients.

## Communication

Over the past year the Trust has placed real emphasis on communicating to the community. It has done this by way of regular speeches and presentations to conferences, and community groups, introduction of regular newsletters and media releases on items of interest to the community.

## Community Market Research

As well as speaking to the community and receiving feedback, the Trust undertakes regular benchmarking market research to test the understanding and direction of the Trust with the local community.

It has been very pleasing to see an initial good rating of the Trust's performance, and an ongoing acknowledgement of improvement in that performance by the community. It is also pleasing to note there is now a total awareness of the existence of the Trust within the local community and a good understanding of its purpose.

Community advice is to continue to invest as we have done and that we should indeed take even more calculated risks, be encouraged to spread our portfolio and be a first port of call with customers.

The community has been very positive about our communication this year particularly the newsletter.

## Client Market Research

Applicants to the Trust are now rating the Trust on average 8 out of 10 on their overall impression of the Trust and its engagement with them. Staff are regarded as enthusiastic and good to deal with. There has been a lot of spontaneous praise for staff and verbatim descriptions in interviews have included, "helpful, supportive, reassuring, fantastic, bend over backwards, easy to get on with and professional".

The research shows clients would like the Trust to improve the timing of its decision making, however they recognise there is a process and formula set by the Deed. There is also a high assurance on the confidentiality of information supplied. The terms of funding supplied have been much as expected and there have been no problems with the level of reporting required nor the interest rates set by clients.

Almost half of our clients have had their expectations exceeded and clients like the fact they are dealing with a local identity and entity which benefits not only the applicants themselves but the Coast overall.

It has been heartening to have such positive feedback about our organisation from our community and clients.

## Thanks

I offer my appreciation and thanks to the inaugural and new Trustees and in particular, to Frank Dooley our Chairman for his ongoing significant commitment to the Trust and its progress.

**M C TROUSSELOT**  
Chief Executive Officer



# Auditor-General's Report



Audit New Zealand

## AUDIT REPORT

### TO THE READERS OF THE WEST COAST DEVELOPMENT TRUST AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

The Auditor-General is the auditor of The West Coast Development Trust (the Trust) and group. The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust and group, on his behalf, for the year ended 31 March 2005.

#### **Unqualified opinion**

In our opinion the financial statements of the Trust and group on pages 11 to 32:

comply with generally accepted accounting practice in New Zealand; and

fairly reflect:

- the Trust and group's financial position as at 31 March 2005; and
- the results of operations and cash flows for the year ended on that date.

The audit was completed on 27 July 2005, and is the date at which our opinion is expressed.

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

#### **Basis of opinion**

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

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

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

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



Audit procedures generally include:

determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;

verifying samples of transactions and account balances;

performing analyses to identify anomalies in the reported data;

reviewing significant estimates and judgements made by the Trustees;

confirming year-end balances;

determining whether accounting policies are appropriate and consistently applied;  
and

determining whether all financial statement disclosures are adequate.

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

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

### **Responsibilities of the Trustees and the Auditor**

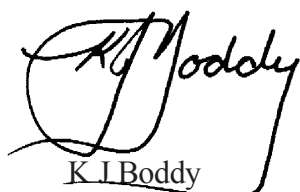
The Trustees are responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Trust and group as at 31 March 2005. They must also fairly reflect the results of operations and cash flows for the year ended on that date.

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

### **Independence**

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

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



K.I. Boddy

Audit New Zealand

On behalf of the Auditor-General

Christchurch, New Zealand

# Statement of Investment Policy & Objectives

The West Coast Development Trust is a Trust for charitable purposes, established for the benefit of the community of the present and future inhabitants of the West Coast Region.

The Investment Fund of the Trust is expected to produce a rate of return from its investments which is, after investment management expenses, at least 3% per annum in excess of the inflation rate over any 3 year period.

The Statement of Investment Policy and Objectives was initially adopted in October 2001.

In April 2003, the Trustees developed and implemented a Treasury Policy to operationalise the Statement of Investment Policy and Objectives.

The Statement of Investment Policy and Objectives and Treasury Policy are reviewed on an annual basis.

The Investment Fund assets are managed directly by Goldman Sachs JB Were for Australasian Equities, and fund managers for International Equities, and utilising investment advisors Bancorp to recommend fixed interest investments and foreign exchange hedging.

The Trustees' asset allocation strategy for the reported and ensuing financial years are as follows:

<b>Class</b>	<b>2005-06</b>	<b>2004-05</b>
Australasian Equities	5%	5%
Australasian Listed Property	5%	5%
International Equities	10%	10%
Active Trading Fund	5%	5%
Alternative Investments	5%	5%
NZ Fixed Interest	60%	60%
Cash	10%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The Trustees continuously monitor, with the assistance of the Investment Advisors, the appropriateness of the adopted asset allocation strategy, performance of the appointed Fund Managers, and other investment returns.

# Statement of Responsibility

- 1. The Trustees and management of The West Coast Development Trust accept responsibility for the preparation of these Financial Statements and the judgements used in them.
- 2. 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.
- 3. We are of the opinion that these Financial Statements fairly reflect the financial position and operations of The West Coast Development Trust and Group for the year ended 31 March 2005.

SIGNED FOR AND ON BEHALF OF THE TRUSTEES AND MANAGEMENT.



FT DOOLEY  
**Chairman**

26 July 2005



M C TROUSSELOT  
**Chief Executive Officer**

26 July 2005

# THE WEST COAST DEVELOPMENT TRUST

## Statement of Financial Performance

For the Year Ended 31 March 2005

	Notes	2005 \$	2004 \$
<b>Revenue</b>			
Interest Received		5,972,612	5,425,884
Realised Gains in Investments		3,154,881	676,070
Dividends Received		683,233	418,953
Other Income		232,024	38,125
<b>Total Income</b>		<b>10,042,750</b>	<b>6,559,032</b>
<b>Expenses</b>			
Administration		129,600	186,802
Advisory Body Fees and Expenses		100,895	95,440
Audit Fees		23,560	32,255
Bad and Doubtful Debts		43,712	-
Intangible Asset Amortisation		100,000	-
Client Services & Application Assessment Costs		623,010	499,091
Depreciation		71,112	52,765
Election Costs		47,847	-
Equipment Lease Payments		18,793	16,261
External Consultancy Expenses		62,435	131,013
Financial Expenses		1,001	2,976
Information & Communication Technology		19,175	21,498
Insurance & Risk Management		33,326	28,455
Investment Advisory Expenses		225,375	225,385
Legal Fees		54,218	66,881
Marketing & Promotion		114,620	120,419
Occupancy		28,358	26,544
Provision for Distribution Asset Bad Debts		159,509	112,491
Provision for Write Off Forever Beech Limited		1,797,343	-
Recruitment Costs		29,070	43,186
Trustees' Remuneration & Fees		202,190	211,465
<b>Total Operating Expenses</b>		<b>3,885,149</b>	<b>1,872,927</b>
<b>Surplus before Community Distributions &amp; Projects</b>		<b>6,157,601</b>	<b>4,686,105</b>
<b>Less Community Distributions &amp; Projects</b>			
Interest Concessions		83,642	69,360
Economic Development Grants		668,769	118,111
Cultural, Community & Heritage Grants		282,056	512,208
Employment Initiatives		182,474	-
Education Initiatives		2,123,505	169,120
Tourism Initiatives		421,127	149,000
Provision for Suspensory Loan Write-Off		-	(190,000)
<b>Total Community Distributions &amp; Projects</b>	<b>3</b>	<b>3,761,573</b>	<b>827,799</b>
<b>Net Surplus for the Year</b>		<b>\$2,396,028</b>	<b>\$3,858,306</b>

# THE WEST COAST DEVELOPMENT TRUST

## Statement of Movements in Equity

*For the Year Ended 31 March 2005*

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
Equity as at 1 April 2004	107,770,172	103,911,866
Net Surplus for Year	2,396,028	3,858,306
Equity as at 31 March 2005	\$110,166,200	\$107,770,172

# THE WEST COAST DEVELOPMENT TRUST

## Statement of Financial Position

as at 31 March 2005

	Notes	2005 \$	2004 \$
<b>Equity</b>			
Restricted Capital	20	79,324,973	79,324,973
Distribution Fund		20,841,227	18,445,199
Investment Fluctuation Reserve	20	10,000,000	10,000,000
<b>Total Equity</b>		<b>\$110,166,200</b>	<b>\$107,770,172</b>
Represented by			
<b>Current Assets</b>			
Cash at Bank at Call		2,036,667	6,471,402
Investments	4	19,724,486	20,050,088
Distribution Assets	7	1,219,430	1,055,628
GST Refund Due		50,855	-
Sundry Debtors		107,080	66,340
<b>Total Current Assets</b>		<b>23,138,518</b>	<b>27,643,458</b>
<b>Non-Current Assets</b>			
Distribution Assets	7	9,939,435	6,061,686
Less Provision for Distribution Asset Write-Offs	8	(2,219,343)	(262,492)
Investments	4	82,216,606	74,737,230
Fixed Assets	9	198,102	223,403
Intangible Asset	10	304,729	404,729
<b>Total Non Current Assets</b>		<b>90,439,529</b>	<b>81,164,556</b>
<b>Total Assets</b>		<b>113,578,047</b>	<b>108,808,014</b>
<b>Current Liabilities</b>			
Accounts Payable		264,654	118,752
Sundry Creditors	11	1,925,247	919,090
<b>Total Current Liabilities</b>		<b>2,189,901</b>	<b>1,037,842</b>
<b>Non-Current Liabilities</b>			
Sundry Creditors	11	1,221,946	-
<b>Total Liabilities</b>		<b>3,411,847</b>	<b>1,037,842</b>
<b>Net Assets</b>		<b>\$110,166,200</b>	<b>\$107,770,172</b>

# THE WEST COAST DEVELOPMENT TRUST

## Statement of Cashflows

for the Year Ended 31 March 2005

	Notes	2005 \$	2004 \$
<b>Cashflows from Operating Activities</b>			
Cash was provided from -			
Interest Received		5,941,127	5,383,631
Dividends Received		683,233	418,953
Other Income		232,025	38,125
Taxation Refund		-	-
		<b>6,856,385</b>	<b>5,840,709</b>
Cash was applied to -			
Payments to Suppliers, Trustees & Employees		1,642,856	1,276,834
Community Distributions & Projects		1,575,939	1,027,799
		<b>3,218,795</b>	<b>2,304,633</b>
<b>Net Cashflows from Operating Activities</b>	<b>14</b>	<b>3,637,590</b>	<b>3,536,076</b>
<b>Cashflows from Investing Activities</b>			
Cash was provided from -			
Distribution Asset Repayments		7,451,033	1,339,315
Investments		55,777,134	8,267,943
Term Deposits		3,680,906	78,026,356
		<b>66,909,073</b>	<b>87,633,614</b>
Cash was applied to -			
Term Deposits		-	-
Fixed Asset Purchases		45,811	97,633
Distribution Assets		11,478,654	5,317,736
Investments		63,456,933	82,329,103
Equity Investments		-	210,000
		<b>74,981,398</b>	<b>87,954,472</b>
<b>Net Cashflows from Investing Activities</b>		<b>(8,072,325)</b>	<b>(320,858)</b>
Net Increase/(Decrease) in Cash Held for Year		(4,434,735)	3,215,218
Add Opening Cash Brought Forward		6,471,402	3,256,184
<b>Closing Cash Balance</b>		<b>\$2,036,667</b>	<b>\$6,471,402</b>



# THE WEST COAST DEVELOPMENT TRUST

## Group Statement of Financial Performance

for the Year Ended 31 March 2005

	Notes	2005 \$	2004 \$
<b>Revenue</b>			
Interest Received		5,972,653	5,427,282
Realised Gains on Investments		3,154,881	676,070
Dividends Received		683,233	418,953
Other Income		232,025	38,125
Trading Sales		638,538	500,770
<b>Total Income</b>		<b>10,681,330</b>	<b>7,061,200</b>
<b>Expenses</b>			
Administration Expenses		376,678	506,881
Advisory Body Fees and Expenses		100,895	95,440
Intangible Asset Amortisation		100,000	-
Audit Fees		36,060	52,255
Bad & Doubtful Debts		43,712	(1,986)
Client Services & Application Assessment Costs		623,010	499,091
Cost of Sales		774,745	669,672
Depreciation		88,743	230,937
Directors' Fees		42,333	28,000
Election Costs		47,847	-
Equipment Lease Payments		18,793	16,261
External Consultancy Expenses		62,435	131,013
Financial Expenses		1,001	2,976
Information & Communication Technology		19,175	21,498
Insurance & Risk Management		33,326	28,455
Interest & Finance Charges		3,024	1,151
Investment Advisory Expenses		225,375	225,385
Legal Fees		54,436	88,610
Loss on Sale of Assets		4,950	16,339
Marketing & Promotion		114,620	120,419
Occupancy		28,358	26,544
Provision for Distribution Asset Bad Debts		159,509	112,491
Provision for Investment Impairment		192,700	-
Recruitment Costs		29,071	43,185
Resource Acquisition		-	751
Sales, Marketing & Despatch		136,834	91,898
Trustees' Remuneration & Fees		202,190	211,465
<b>Total Operating Expenses</b>		<b>3,519,820</b>	<b>3,218,731</b>
<b>Surplus before Community Distributions &amp; Projects</b>		<b>\$7,161,510</b>	<b>\$3,842,469</b>

	<b>Notes</b>	<b>2005</b>	<b>2004</b>
		\$	\$
<b>Less Community Distributions &amp; Projects</b>	3		
Interest Concessions		83,642	69,360
Economic Development Grants		668,769	118,111
Cultural, Community & Heritage Grants		282,056	512,208
Employment Initiatives		182,474	-
Education Initiatives		2,123,505	169,120
Tourism Initiatives		421,127	149,000
Provision for Suspensory Loan Write-Off		-	(190,000)
<b>Total Community Distributions &amp; Projects</b>		<b>3,761,573</b>	<b>827,799</b>
<b>Net Surplus before Minority Interest</b>		<b>3,399,937</b>	<b>3,014,670</b>
Minority Interests' Share of Loss in Subsidiary		39,672	42,182
<b>Net Surplus for the Year</b>		<b>\$3,439,609</b>	<b>\$3,056,852</b>

## THE WEST COAST DEVELOPMENT TRUST

### Group Statement of Movements in Equity

*for the Year Ended 31 March 2005*

	<b>Notes</b>	<b>2005</b>	<b>2004</b>
		\$	\$
Equity as at 1 April 2004		106,771,665	103,656,995
Net Surplus for Year		3,439,609	3,056,852
Minority Interests' Share of Loss in Subsidiary		(39,672)	(42,182)
Minority Interest in Subsidiary		-	100,000
<b>Total Recognised Revenues &amp; Expenses</b>		<b>3,399,937</b>	<b>3,114,670</b>
<b>Equity as at 31 March 2005</b>		<b>\$110,171,602</b>	<b>\$106,771,665</b>

# THE WEST COAST DEVELOPMENT TRUST

## Group Statement of Financial Position

as at 31 March 2005

	Notes	2005 \$	2004 \$
<b>Equity</b>			
Restricted Capital	20	79,324,973	79,324,973
Distribution Fund	20	20,841,226	17,401,617
Investment Fluctuation Reserve	20	10,000,000	10,000,000
Minority Interest in Subsidiary	20	5,403	45,075
<b>Total Equity</b>		<b>\$110,171,602</b>	<b>\$106,771,665</b>
Represented by			
<b>Current Assets</b>			
Cash at Bank		2,035,830	6,493,766
GST Refund Due		51,806	3,523
Tax Refund Due		3	461
Trade Receivables		141,775	116,707
Sundry Receivables		107,861	50,859
Stock on Hand		495,827	739,772
Investments	4	19,724,486	20,050,088
Assets to be Sold		-	72,000
Distribution Assets	7	1,219,430	1,055,628
Prepayments		1,281	2,056
Accrued Interest		-	15,730
<b>Total Current Assets</b>		<b>23,778,299</b>	<b>28,600,590</b>
<b>Non-Current Assets</b>			
Intangible Assets	10	1,117,312	1,415,341
Investments	4	82,216,606	74,737,230
Distribution Assets	7	6,939,435	3,361,686
Less Provision for Distribution Asset Write-Offs	8	(422,000)	(262,492)
Fixed Assets	9	332,987	318,218
<b>Total Non-Current Assets</b>		<b>90,184,340</b>	<b>79,569,983</b>
<b>Total Assets</b>		<b>113,962,639</b>	<b>108,170,573</b>
<b>Current Liabilities</b>			
Accounts Payable		400,833	248,922
Sundry Creditors	11	1,968,258	949,986
Loan - Westland District Council	19	200,000	-
<b>Total Current Liabilities</b>		<b>2,569,091</b>	<b>1,198,908</b>
<b>Non-Current Liabilities</b>			
Sundry Creditors	11	1,221,946	-
Loan - Westland District Council	19	-	200,000
<b>Total Non-Current Liabilities</b>		<b>1,221,946</b>	<b>200,000</b>
<b>Total Liabilities</b>		<b>3,791,037</b>	<b>1,398,908</b>
<b>Net Assets</b>		<b>\$110,171,602</b>	<b>\$106,771,665</b>

# THE WEST COAST DEVELOPMENT TRUST

## Group Statement of Cashflows

for the Year Ended 31 March 2005

	Notes	2005 \$	2004 \$
<b>Cashflows from Operating Activities</b>			
Cash was provided from -			
Receipts from Customers		613,398	508,298
Interest Received		5,941,168	5,159,644
Dividends Received		683,233	418,953
Other Income		232,025	38,125
Net GST Movement		2,574	28,306
		<b>7,472,398</b>	<b>6,153,326</b>
Cash was applied to -			
Payments to Suppliers, Trustees & Employees		2,588,390	2,240,607
Interest Paid		3,024	1,151
Community Distributions & Projects		1,575,939	1,027,799
Income Tax Paid		3	461
		<b>4,167,356</b>	<b>3,270,018</b>
<b>Net Cashflows from Operating Activities</b>	<b>14</b>	<b>3,305,042</b>	<b>2,883,308</b>
<b>Cashflows from Investing Activities</b>			
Cash was provided from -			
Sale of Fixed Assets		78,739	16,494
Investments		55,777,134	1,339,315
Distribution Asset Repayments		7,451,033	8,267,943
Term Deposits		3,680,906	78,026,356
		<b>66,987,812</b>	<b>87,650,108</b>
Cash was applied to -			
Fixed Asset Purchases		115,203	114,571
Investments		63,456,933	82,689,351
Distribution Assets		11,178,654	4,517,736
		<b>74,750,790</b>	<b>87,321,658</b>
<b>Net Cashflows from Investing Activities</b>		<b>(7,762,978)</b>	<b>328,450</b>
Net Increase/(Decrease) in Cash Held for Year		(4,457,936)	3,211,758
Add Opening Cash Brought Forward		6,493,766	3,282,008
<b>Closing Cash Balance</b>		<b>\$2,035,830</b>	<b>\$6,493,766</b>

# THE WEST COAST DEVELOPMENT TRUST

## Trust & Group Notes to the Financial Statements *for the Year Ended 31 March 2005*

### 1. Objects

The West Coast Development Trust is a Trust for charitable purposes for the benefit of the community of the present and future inhabitants of the West Coast region and 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. Statement of Accounting Policies

#### 2.1 Reporting Entity

The West Coast Development Trust was established by Deed on 18 April 2001 and these Financial Statements are General Purpose Financial Statements prepared in accordance with our Deed of Trust and generally accepted accounting principles. The Group comprises The West Coast Development Trust, its subsidiary, Forever Beech Limited, and that company's subsidiary Forever Holdings Limited.

The Financial Statements have been prepared on the basis of historical cost.

#### 2.2 Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied.

a) Reporting Period

The period covered by these Financial Statements is from 1 April 2004 until 31 March 2005.

b) Recognition of Revenue and Expenses

Interest revenue and all expenses are recognised on a daily accrual basis.

Dividend revenue is accrued in the accounts when the Trust is advised a dividend is payable by a company in which the Trust holds equity.

c) Fixed Assets and Depreciation

All fixed assets are recorded at cost less accumulated depreciation to date.

Depreciation is provided on all fixed assets on a straight line basis at rates calculated to allocate the asset cost over the estimated useful life as follows:

• Office Equipment	5 – 12.5 years
• Motor Vehicles	5 years
• Computer Hardware	4 years
• Computer Software	4 years
• Furniture and Fittings	5 – 12.5 years
• Leasehold Improvements	6.5 years
• Plant and equipment	2 – 10 years

d) **Income Tax**

The West Coast Development Trust is registered with the Inland Revenue Department as a Charitable Trust and is therefore exempt from income tax.

In respect of subsidiary companies, taxation expense (if any) is charged in the statement of financial performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised where there is virtual certainty of realisation.

e) **Goods & Services Tax (GST)**

During the 2005 financial year The West Coast Development Trust made a retrospective application to become a "registered person" in terms of the Goods and Services Act 1985. Where GST has been able to be claimed or charged the amounts reported are GST exclusive, otherwise the Financial Statements for the year ended 31 March 2005 have been prepared inclusive of goods and services tax. The comparative figures for the year ended 31 March 2004 are GST inclusive.

Forever Beech Limited is registered for GST purposes and profit and loss figures expressed in these financial statements relating to Forever Beech Limited are stated exclusive of GST.

f) **Financial Instruments**

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and distribution assets.

A financial asset or financial liability is recognised in the Statement of Financial Position if it is probable that any future economic benefit or service potential associated with the item will flow to or from the Trust and the item has a cost or value that can be measured with reliability. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Unrecognised financial instruments are from time to time used to hedge underlying financial asset/liability exposures, commitments and anticipated transactions. They can include forward rate agreements and interest rate swap agreements.

g) **Inventories**

Inventories are stated at lower of cost, determined on a first-in first-out basis, and net realisable value after due allowance for damaged or obsolete stock.

h) **Distribution Assets**

Distribution Assets are carried at the lower of cost or net realisable value and are net of any Specific or General Provisions made against Distribution Assets.

Where the approved distribution terms and conditions allow, some Distribution Assets at balance date may be below the maximum exposure available to the recipient.

i) ***Classes of Distribution Assets***

The Trust uses the following classes and definitions in reporting its Distribution Assets:

	<b>Definition</b>
<b>Class 1</b>	<b>Distributions on non discounted terms and conditions.</b>
<b>Class 2</b>	<b>Distributions on discounted terms and conditions (interest or repayment concessions).</b>
<b>Class 3</b>	<b>Distributions with Suspensory conditions.</b>
<b>Class 4</b>	<b>Distributions in the form of equity and/or loans with conversion to equity terms.</b>
<b>Class 5</b>	<b>Distributions in the form of guarantees or sureties.</b>
<b>Class 6</b>	<b>Non performing distribution assets.</b>

# THE WEST COAST DEVELOPMENT TRUST

## Trust & Group Notes to the Financial Statements (cont) *for the Year Ended 31 March 2005*

### *ii) Value of Distribution Assets*

The Trust uses the following methods in valuing different classes of Distribution Assets:

- Class 1,2 & 5** Distributions are valued at the maximum exposure outstanding at balance date.
- Class 3** Distributions are valued at their original value less any approved suspensory write downs.
- Class 4** Distributions are valued at their original cost.
- Class 6** Distributions are valued at the maximum exposure less any provisions raised against specific Distributions.

### *iii) Quality of Distribution Assets*

The underlying sustainable development theme of our Trust Deed requires the Trust to look at projects with higher risk profiles.

While the Trust 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.

## *i) Reporting On Policy Issues Relating to Distribution Assets*

### *i) Securities*

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

### *ii) 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. There are no Distributions in this category as at 31 March 2005.

## *j) Credit Risk on Distribution Assets*

### *i) Level of Credit Risk*

The level of Credit Risk assumed by the Trust reflects the underlying objects of the Trust Deed.

In recognising Credit Risk the Trust Deed requires any applicant for a Distribution to have a minimum equity of 10%.

In addition, the Trust uses the experience and skills of the Advisory Body in assessing any applications to reduce, where possible, any potential risks.

Distribution Assets are generally secured to further reduce Credit Risk.

### *ii) Concentrations of Credit Risks*

In line with the objective of our Trust Deed, there is a geographical concentration of Credit Risk on the West Coast.

At balance date the Distributions made were spread across various industry sectors.

Investment Funds are invested in line with the Statement of Investment Policy and Objectives and Treasury Policy which incorporates maximum exposures to institution. These maximum exposures are monitored at all times.

## *k) Distribution Asset Provisioning and Bad Debts*

The Trust has resolved to apply a General Provision based on 5% of the outstanding balance of Distribution Assets (excluding specific provisions, Class 4 assets and intercompany debt) as at balance date.

The Trust has resolved to provide for the write-off of Suspensory Loans over the period of those loans.

The Trust has resolved to raise a Specific Provision where it considers a quantifiable loss will occur against a specific Distribution Asset.



l) **Interest Rate Risks**

Interest rate concessions are a feature of many of our Distribution Assets.

The loss of interest income from these loans is recognised as Interest Concessions, and is reported within the Statement of Financial Performance.

Most Distributions have been approved on a fixed interest rate.

Investment Funds are subject to interest rate risks. The Trust has established a Statement of Investment Policies and Objectives and Treasury Policy which incorporate the requirement to spread investment and interest rate risk.

Financial market risk management products are utilised to minimise risk.

All Investment Funds are invested in line with the Statement of Investment Policy and Objectives and Treasury Policy.

m) **Currency Risk**

All Distributions are made in New Zealand Dollars and therefore not subject to currency risk.

Unless specifically agreed by the Trustees, no fixed interest and cash investments can create a foreign currency exposure. As at Balance Date, all Fixed Interest Investments were in New Zealand Dollars and therefore were not subject to currency risk.

Equity investments that create a currency exposure can be hedged 100% or remain unhedged at the discretion of the Investment Sub Committee. Other than AUD, International Equity currency exposures, are hedged through the NZD/USD and NZD/GBP crosses as proxies for the overall exposures.

n) **Liquidity Risk**

Liquidity Risk is governed by our Trust Deed, Statement of Investment Policy and Objectives and Treasury Policy.

o) **Fair Value**

All Equity Investments are valued at the lower of cost or net realisable value.

Fixed Interest Bonds are valued at cost with any premium or discount on purchase amortised over the period of the Bonds life. Any change in the market value of a Bond is not recognised as it is intended these investments will be held until maturity.

Interest Rate contracts and Hedge contracts are not recognised in the financial statements therefore no carrying amount is shown.

p) **Statement of Investment Policy & Objectives and Treasury Policy**

The West Coast Development Trust Investment Fund is managed in accordance with its approved Statement of Investment Policy and Objectives and Treasury Policy.

q) **Intangible Assets**

Intangible Assets will ordinarily be amortised over the life of the asset.

However, the cost of cutting rights acquired and held by the Forever Beech Limited's subsidiary, Forever Holdings Limited, are amortised based on volume extracted relative to the total aggregate yield covered by those rights. In accordance with FRS-4 - Accounting For Inventories, the amount per cubic metre amortised is included in inventory as a direct cost of production.

At 31 March each year, the Directors of Forever Holdings Limited review the carrying value of these cutting rights. Where any cutting rights have been forfeited or there has been an impairment to their carrying value they are written off or written down to their recoverable amount respectively and the associated expense recognised in the Statement of Financial Performance for the period ending on that date.

## 2.3 **Changes in Accounting Policies**

There have been no changes in accounting policies covered by these financial statements as all accounting policies have been applied on a basis consistent with the previous period.

# THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont) for the Year Ended 31 March 2005

## 3. Community Distributions and Projects Analysis

	Total \$		Total \$
<b>Economic Development Grants</b>		<b>Employment Initiatives</b>	
Southern Traverse	(59,729.78)	Venture West Coast	9,444.44
Primary Industries Grant	(4,266.18)	Cypress Mine Ltd	8,100.00
Buller West Coast Racing	77,066.67	Minerals West Coast	164,929.53
Karamea Medical Association	7,000.00		<b>182,473.97</b>
St Johns Hokitika	100,000.00	<b>Education Initiatives</b>	
Hari Hari Multi Predator Control	50,000.00	Barrytown School	2,100.00
Racing World Champs	179,729.78	Life Education Trust	25,500.00
West Coast Rugby Football Union	30,000.00	Muritai Training Centre	24,238.92
EECA Energy Project	140,000.00	Words on Wheels	3,000.00
McBride Brothers	18,687.50	Tai Poutini Eco Tourism	20,000.00
Buller Marathon	13,500.00	Apprentice Support	9,746.87
Great Expectations Book	3,381.42	Literacy Project	1,791,967.19
Regional Indicators Project	2,500.00	Education 2 Business	69,023.00
Regional Profile	94,144.90	Enterprise Training	177,929.00
Film Industry	16,754.68		<b>2,123,504.98</b>
	<b>668,768.99</b>	<b>Tourism Initiatives</b>	
<b>Cultural and Heritage Grants</b>		Oparara Valley Project Trust	93,646.42
Buller WC Arts & Development	(20,000.00)	Inangahua Tourism Promotion	22,222.22
GM Motorcycle Street Race	21,440.00	Charleston Waitakere Community	25,000.00
Grey Power - Hokitika	25,000.00	TRENZ 2005	45,080.00
Denniston Rose	4,444.44	WC Historical & Mechanical Soc	248,333.33
Te Runanga o Makaawhio Inc	24,000.00	Tourism WC - Visitor Guide	(17,809.73)
Dunnollie Runanga Centennial Co	7,000.00	Air NZ Inflight Advertising	4,655.00
Tai Poutini Arts Project	76,582.00		<b>421,127.24</b>
Blackball Museum	15,600.00	<b>Interest Concession</b>	
NZ Landcare Trust - Orowaiti	15,000.00		83,642.00
Westland Cake Decorators Conf	1,300.00		
Speight's Coast to Coast Live	30,000.00		
Speight's Coast to Coast TV Ad	53,356.00		
@ Home NZ Conference	13,333.33		
Potikohua Trust	15,000.00		
	<b>282,055.77</b>	<b>Total Community Distributions</b>	<b>3,761,573.00</b>

## 4. Investments

During the period the Trust has made investments according to the terms of the Statement of Investment Policy and Objectives (SIPO). As at balance date the funds were invested as follow;

	2005 \$	% of Portfolio	SIPO Range Minimum / Maximum %	2004 \$
Cash in short term money markets	16,369,182	16.1	10-100	20,050,088
Fixed Interest	57,993,243	56.9	0-90	55,553,173
<b>Total Cash &amp; Fixed Interest</b>	<b>74,362,425</b>	<b>73.0</b>	<b>60-100</b>	<b>75,603,261</b>
Australasian Equity	11,147,884	10.9	0-15	5,793,763
Australasian Listed Property	3,579,901	3.5	0-5	4,004,874
International Equity	8,152,513	8.0	0-10	9,385,420
Active Trading Fund	3,355,304	3.3	0-5	-
Alternative Investments	1,343,065	1.3	0-5	-
<b>Total Equity</b>	<b>27,578,667</b>	<b>27.0</b>	<b>0-40</b>	<b>19,184,057</b>
<b>Total Investments</b>	<b>\$101,941,092</b>	<b>100</b>		<b>\$94,787,318</b>

All investments were within the asset allocation range allowable by the SIPO.

Cash, short term deposits, and the Active Trading Fund are classed as a current asset. All other investments are expected to be held for a period of time and are classed as non current assets.

## 5. Investment Advisors

The Trust has appointed two investment advisors to assist in the management of the Trust's funds. Goldman Sachs JB Were New Zealand Limited advise on investment in equity. Bancorp Treasury Services Limited advise on fixed interest, cash and foreign exchange portions of the portfolio.

## 6. Fair Value of Financial Instruments

As at 31 March 2005, the fair value of the financial instruments recorded at cost in the Statements were

	Fair Value 2005 \$	Fair Value 2004 \$
Australasian Equity	11,920,482	6,424,209
Australasian Listed Property	4,016,981	4,112,159
International Equity	8,888,694	10,660,714
Active Trading Fund	3,315,305	-
Alternative Investments	1,371,021	-
Fixed Interest	57,136,459	55,340,516
Cash in short term money markets	16,369,182	20,050,088
<b>Total Fair Value of Financial Instruments</b>	<b>103,018,124</b>	<b>96,587,686</b>

The fair value of financial instruments not recognised in these Financial Statements is \$157,906 (Interest Swap and Foreign Exchange Option Contracts in a net payable position).

# THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont) for the Year Ended 31 March 2005

## 7. Distribution Assets by Class

Class	Group		Trust	
	2005 \$	2004 \$	2005 \$	2004 \$
Class 1	5,038,111	3,221,874	5,038,111	4,021,874
Class 2	1,120,754	1,173,000	2,220,754	1,173,000
Class 3	-	22,440	-	22,440
Class 4	2,000,000	0	3,900,000	1,900,000
Total Per Accounts	8,158,865	4,417,314	11,158,865	7,117,314
Class 5	26,052	26,052	26,052	26,052
Total	\$8,184,917	\$4,443,366	\$11,184,917	\$7,143,366

## 8. Distribution Asset Provisioning and Bad Debts

Each individual Distribution Investment was evaluated for recoverability at balance date.

There were no Class 3 Distribution Assets (Suspensory Loans) as at 31 March 2005. The Class 3 Asset that had been provided against in the previous financial year was written off.

A specific provision of \$120,000 (2004 \$35,491) has been raised against Class 1 advances and \$1,797,343 raised against the Class 4 distribution in Forever Beech Ltd.

The Trust will adopt a statistically based provisioning methodology for its general provision for doubtful distribution assets based upon historical loss experience once such information is available covering a reliable period. Until this statistical information is held, the Trust has resolved to apply a General Provision of 5%, as per note 2.2(k) above, and have applied a General Provision against Distribution Assets of \$302,000 (2004 \$217,000).

	Specific Provision \$	General Provision \$	Total Trust \$	Total Group \$
Provisions 1 April 2004	45,491	217,000	262,491	262,491
Plus Provisions Applied	1,917,343	85,000	2,002,343	205,000
Less Provision Reversed	(45,491)	-	(45,491)	(45,491)
Provision as at 31/3/05	\$1,917,343	\$302,000	\$2,219,343	\$422,000

## 9. Fixed Assets

Asset	Cost \$	Accumulated Depreciation \$	Book Value 2005 \$	Book Value 2004 \$
<b>Trust</b>				
Motor Vehicles	122,748	56,426	66,322	90,208
Computer Hardware	119,285	65,408	53,877	59,683
Computer Software	9,608	2,929	6,679	3,324
Office Equipment	28,950	13,079	15,871	17,190
Furniture & Fittings	37,396	5,286	32,110	22,319
Leasehold Improvements	44,831	21,588	23,243	30,679
<b>Trust Total</b>	<b>362,818</b>	<b>164,716</b>	<b>198,102</b>	<b>223,403</b>
<b>Subsidiary - Plant &amp; Equipment</b>				
Buildings	2,641	40	2,601	-
Office Equipment	5,923	2,983	2,940	4,027
<b>Group Total</b>	<b>\$528,327</b>	<b>\$195,340</b>	<b>\$332,987</b>	<b>\$390,218</b>

## 10. Intangible Assets

	2005 \$	2004 \$	Estimated Total Life of Asset
Subsidiary - Forestry Rights	812,583	1,010,612	20 years
Parent - Intellectual Property Project 421	304,729	404,729	4 years
<b>Total</b>	<b>\$1,117,312</b>	<b>\$1,415,341</b>	

## 11. Sundry Creditors

The payment of community grants may be subject to meeting certain criteria and/or may not be made for a period of time following Trustee approval. However, given it is likely that grants approved will be paid the Trust accrues community grants upon resolution approving a grant.

	Group		Trust	
	2005 \$	2004 \$	2005 \$	2004 \$
Audit Fees	33,820	38,450	21,320	18,450
Employee Entitlements	64,918	27,149	34,407	15,154
Election Costs	47,238	-	47,238	-
Community Grants Committed	3,044,228	858,594	3,044,228	858,594
Other	-	25,793	-	26,892
<b>Total</b>	<b>\$3,190,204</b>	<b>\$949,986</b>	<b>\$3,147,193</b>	<b>\$919,090</b>

# THE WEST COAST DEVELOPMENT TRUST

## Trust & Group Notes to the Financial Statements (cont) for the Year Ended 31 March 2005

### 12. Contingent Assets & Contingent Liabilities

There were no known contingent assets at balance date (2004 \$Nil). A guarantee of a bond of \$26,052 to the Westland District Council on behalf of a distribution recipient was the only contingent liability at balance date (2004 \$26,052). Subsequent to balance date the Trust has been released from this guarantee.

### 13. Commitments

#### 13.1 Future Distributions

At balance date \$6,712,000 (2004 \$7,004,258) had been approved by Trustees but was either under consideration by the client or was undrawn against the accepted facilities.

#### 13.2 Lease Commitments

As at 31 March 2005, the value of the residual portion of lease commitments of the Trust was \$123,157, classified into the following periods:

	2005 \$	2004 \$
0-12 Months	40,886	38,124
12-24 Months	33,466	38,124
24-60 Months	48,805	70,323
> 60 Months	0	0
<b>Total</b>	<b>\$123,157</b>	<b>\$146,571</b>

In addition, the subsidiary company had the following lease commitment:

#### Vessa Holdings

Commencement Date . . . . . 1st April 2004  
Term . . . . . One Year  
Renewal Date . . . . . 1st April 2005  
Final Expiry Date . . . . . 1st April 2006  
Annual Rental . . . . . \$38,400 plus GST  
Further Terms . . . . . Annual Renewal

The lease payments of the company during the period under review were:

Lessor	2005 \$	2004 \$
Tranzrail (Three Mile, Hokitika)	-	1,350
Shannons Ltd	4,160	3,120
Marr Trust	-	5,289
Vessa Holdings Ltd	38,400	36,650
<b>Total Lease Expense</b>	<b>\$42,560</b>	<b>\$46,409</b>

## 14. Reconciliation of Net Surplus with Cashflows from Operating Activities

	Group		Trust	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>Net Surplus for the Year</b>	3,439,609	3,056,852	2,396,028	3,858,306
<b>Minority Interests share of loss in Subsidiary</b>	(39,672)	(42,182)	-	-
<b>Add/(Deduct) Non-Cash Items Included in Statement of Financial Performance</b>				
Depreciation/Asset Write-off	88,743	241,764	71,112	63,591
Write down of Intangible Asset	100,000	-	100,000	-
Investment Write Down	198,031	8,167	-	-
Loss on Sale of Asset	4,950	16,339	-	-
Capitalised Distribution Interest	(13,932)	(30,729)	(13,932)	(30,729)
	3,777,729	3,250,211	2,553,208	3,891,168
<b>Other</b>				
Gain included in Investing Activities	(3,154,881)	(676,070)	(3,154,881)	(676,070)
<b>Movements in Working Capital</b>				
Increase (Decrease) in Provisions	159,509	(77,509)	1,956,852	(77,509)
Increase (Decrease) in Accounts Payable	2,392,129	473,736	2,374,006	460,620
(Increase)/Decrease in Inventory	243,945	(57,122)	-	-
(Increase)/Decrease in Receivables	(81,295)	(44,657)	(56,470)	(50,609)
(Increase)/Decrease in Taxation	458	-	-	-
Increase/(Decrease) in GST Liability	(48,282)	26,241	(50,855)	-
(Increase)/Decrease in Accrued Interest	15,730	(11,524)	15,730	(11,524)
	2,682,194	309,166	4,239,263	320,978
<b>Net Cashflows from Operating Activities</b>	<b>3,305,042</b>	<b>\$2,883,308</b>	<b>\$3,637,590</b>	<b>\$3,536,076</b>



# THE WEST COAST DEVELOPMENT TRUST

## Trust & Group Notes to the Financial Statements (cont) for the Year Ended 31 March 2005

### 15. Enquiries and Applications

For the financial year ending 31 March 2005, The West Coast Development Trust received 142 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2004-05	Quantity	Value \$
Total Applications Received	25	19,433,646
Advisory Body Recommended	16	11,918,000
Trustee Approved	18	12,708,000
Offers under Consideration by Applicants	6	6,965,000
Offers Lapsed or Declined by Applicants	6	4,125,595
<b>Trustee Approved and Accepted by Client</b>		
Golf Driving Range		164,000
Berlins Cafe & Bar		474,000
Cranberries NZ Ltd		1,200,000
St John Ambulance		324,000
Coast Care Trust		303,000
Coastpine Ltd		747,000
Forever Beech Limited		480,000
West Coast Rugby Union		43,000
Westland Snowflake		75,000
		<b>\$3,810,000</b>

Note: As at 31 March 2005, one application of \$800,000 (2004 \$232,000) was still being progressed by the Executive.

### 16. Subsequent Events

Effective from 1 April 2005 The West Coast Development Trust purchased a 50% shareholding in Cranberries NZ Limited. Cranberries NZ Limited is a subsidiary of The West Coast Development Trust and its results will be consolidated in the financial statements for the year ended 31 March 2006.

### 17. Related Party Transactions

- 17.1 The Trust's premises at 112 Mackay Street, Greymouth are leased from HOB Holdings Mall Ltd. Mr LA Bamfield is a Director/Shareholder of HOB Holdings Mall Ltd and a past Trustee of The West Coast Development Trust. Total occupancy costs paid to HOB Holdings Mall Ltd during the year ended 31 March 2005 equalled \$25,679.70 (GST inclusive) (2004 \$29,282.13).
- 17.2 During the period under review, Forever Beech Limited has conducted normal business transactions with Westimber Limited, whose director is Mr M J Donaldson, a director of Forever Beech Limited. Westimber Limited has purchased \$4,817.64 (excl. GST) of timber from Forever Beech Limited during the period (2004 \$76,674.21), and Forever Beech Limited has incurred expenses from Westimber Limited of \$9,725.49 (excl. GST) during the period (2004 \$29,686.10). In addition, Westimber Limited purchased \$70,000.00 of fixed assets at book value from Forever Beech Limited.
- 17.3 Forever Beech Limited has conducted normal business transactions with Beechwood Products Limited, whose director is Mr M J Donaldson, a director of Forever Beech Limited. Beechwood Products Limited has purchased \$73,810.80 (excl. GST) of timber from Forever Beech Limited during the period (2004 Nil), and Forever Beech Limited has incurred expenses from Beechwood Products Limited of \$1,630,62 (excl. GST) during the period (2004 Nil).

- 17.4 Mr P J Coakley, a director of Forever Beech Limited provided consultancy services to Forever Beech Limited during the period under review. The consultancy fees charged were \$4,883.00 (excl. GST) (2004 \$43,125.00). Mr Coakley also provided consultancy services to the Trust during the year ended 31 March 2005. The fees charged were \$8,235.04 (2004 \$32,759.52).
- 17.5 During the period under review, Auchinvole and Associates Limited were paid \$22,739.49 (incl. GST) for consulting services to various tourism projects implemented by the Trust. Mr Chris Auchinvole, a past Trustee of the West Coast Development Trust, is a principal of Auchinvole and Associates.

## 18. Taxation

Taxation in respect of the trading operations is as follows:

	2005 \$	2004 \$
Net Surplus/(Deficit) before Taxation	(793,434)	(843,634)
Prima Facie Taxation at 33%	(261,833)	(278,399)
Add Prima Facie Taxation – provision for Investment Impairment	63,591	-
Tax Loss Not Recognised	198,242	278,399
Taxation Payments	(3)	(461)
<b>Taxation Due 7th February 2006</b>	<b>\$(3)</b>	<b>\$(461)</b>
Comprising:		
Current Taxation	(3)	(461)
Deferred Taxation	0	0

Unrecognised tax losses available for set off against future assessable income:

Tax Losses	1,699,332	1,098,507
Tax Saving Thereon @ 33%	560,780	362,507

The ability to utilise these tax losses depends on the generation of sufficient assessable income in the respective tax jurisdictions.

Imputation Credit Account

Opening Balance	461
Tax refunds received	(461)
RWT Credits on Interest Income	3
Closing Balance	\$3

## 19. Loan - Westland District Council

This loan is secured over the assets of Forever Beech Limited and ranked pari passu with the interests of The West Coast Development Trust. This loan is subject to an interest rate of 1% per annum. The date of maturity is 26 May 2005.

# THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont) for the Year Ended 31 March 2005

## 20. Equity

	2005 \$	2004 \$
i) Restricted Capital <i>The Initial Capital, as reduced from time to time by Distributions made under Clause 11.1 of the Trust Deed</i>		
Balance at 1 April 2004	79,324,973	79,324,973
Movements in Current Year	0	0
<b>Balance as at 31 March 2005</b>	<b>\$79,324,973</b>	<b>\$79,324,973</b>
ii) Distribution Fund <i>The Income and the amount of Restricted Capital available for distribution, in accordance with Clause 11 of the Trust Deed.</i>		
Balance at 1 April 2004	17,401,617	14,344,765
Net Surplus for Year	3,399,937	3,014,670
Add Minority Interest Share of Loss	39,672	42,182
<b>Balance as at 31 March 2005</b>	<b>\$20,841,226</b>	<b>\$17,401,617</b>
(iii) Investment Fluctuation Reserve		
<b>Balance as at 31 March 2005</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
Minority Interest	5,403	45,075
<b>Total Equity</b>	<b>\$110,171,602</b>	<b>\$106,771,665</b>

	2005 \$	2004 \$
i) Investment Fund <i>The Property that is from time to time held by Trustees on the trusts of this Deed, except for Distribution Assets</i>		
<b>Balance as at 31 March 2005</b>	<b>\$102,012,737</b>	<b>\$102,354,351</b>
ii) Distribution Assets <i>The Property that is from time to time held by the Trustees on the trusts of this Deed where that Property is the result of the Trustees making a Distribution to a Recommended Recipient in the form of subscribing for shares or by way of loan, surety or guarantee.</i>		
<b>Balance as at 31 March 2005</b>	<b>\$8,158,865</b>	<b>\$4,417,314</b>
<b>Total Equity</b>	<b>\$110,171,602</b>	<b>\$106,771,665</b>