Development West Coast

10 YEARS

GROUP ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2011

DIRECTORY

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AT A GLANCE

$7.3m
Group Realised Income

$4.1m
Mark-to-Market Unrealised Gains

$11.4m
Total Group Income

$2.5m
Group Net Surplus

$3.2m
Total Group Comprehensive Income

$2.4m
DWC Total Operating Expenses

$5.3m
Community Distributions

$20.1m
MDI Funding 2005–2022
Subject to conditions

$95.5m
Group Revenue Realised Since 2001

$115.5m
Group Net Assets

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CHAIRMAN'S REPORT

Overview

2011 marks the tenth year of operation for Development West Coast (DWC).

Looking back we reflect on the significant achievements and contribution this organisation has made to the West Coast community. Many of these achievements are highlighted in this report. Some ventures have not performed as expected, however I believe DWC has been successful in meeting the objectives of the Trust Deed. As a region we are fortunate to have a fund promoting the interests of present and future generations of West Coasters.

The Pike River Mine tragedy on 19 November 2010 has left a painful and permanent scar in our hearts. Whilst the economic loss to the region has been significant, the loss of 29 West Coast fathers, brothers, sons, partners and husbands was devastating. We have been comforted by the support shown by the nation since the tragedy, including the attendance by many thousands at the memorial service. DWC has contributed $1,000,000 to a Pike River relief fund. This fund will be administered by an independent committee for the purposes of promoting various activities and projects related to the mining industry, consistent with the objects of DWC's Deed.

We also watched with disbelief the images of the September 2010 Canterbury earthquake and then the devastating events of the Christchurch earthquake in February 2011. Those events affected the West Coast in a number of ways. Not only is our export orientated economy intrinsically linked to and dependent on Canterbury's economy and infrastructure, but also because so many of our family and friends call Canterbury home. It was wonderful to see the generosity shown by so many Coasters to Cantabrian families. I would like to acknowledge the brave and generous contribution of individuals from the West Coast Civil Defence team, which included Belinda Lunn and Helen Wilson from DWC. DWC contributed $100,000 to the Christchurch Mayoral Relief Fund.

Fundamentals

In comparison to the previous financial year the investment market showed some improvement, however the market still lacks direction and it will be a while before the trading conditions stabilise.

Despite market conditions, I am pleased to report DWC and Group Net Assets increased to $115.5 million (2010: $112.3 m).

Community Distributions were substantially higher than budget due to grants made in response to

Pike River Mine and Canterbury earthquake disasters, and to the two West Coast cycleways ($2.6m).

DWC and Group ended the 2011 financial year with a Surplus of $7.8 million (after the Total Operating Expenses but before Community Distributions and Projects). The Net Surplus was $2.46 million against a budget of $5.74 million. The result would have been very close to budget if it were not for the extraordinary grants.

Changes to Governance

During the second half of 2010 we saw a number of changes around the board table.

I would like to take this opportunity to thank retired Trustees Tony Williams, John Clayton, Bruce Smith and Barry Wilson for their valuable contributions to the region and the organisation.

I convey to the stakeholders and the people of the West Coast my absolute confidence in the current board. We have a collective sense of responsibility and resolve to deliver real benefits to the communities on the Coast.

We have strong capable board members with complementary skill sets and knowledge base and they are making a valuable contribution to the organisation. More importantly, this current board is working together, scrummaging in the same direction for the common goal of making the West Coast 'THE' place to visit, live, work and play.

As the newly elected Chair of DWC, my focus will be in delivering benefits to the people of West Coast; facilitating the economic growth within the region; and developing leadership on the Coast.

Acknowledgements

I give a special mention of thanks to Dr John Chang, Chief Executive Officer, for his professional guidance accorded to me since my appointment as Chair. As a new member on the Board, the task would have been very difficult without the total support of John.

Finally, I would like to acknowledge and express my gratitude to my fellow Board members, Deputy Chair Robert Buchanan, Advisory Body members, all of our professional advisors and management and staff of DWC for their unwavering commitment to achieving the objects of our Deed.

John Sturgeon MBE
Chairman

photo: Juergen Schacke

CHIEF EXECUTIVE'S REPORT

Overview

As we mark the 10th anniversary of the establishment of Development West Coast (DWC) we reflect on lessons learned and with significant pride on a number of community projects and assets established through the efforts of DWC's past and present Trustees and staff.

DWC's focus for the 2011 financial year was to consolidate the various changes implemented through restructuring during the 2009/10 period. Management is pleased with the progress we have made to date.

In addition to rebalancing DWC's Distribution Assets, we had to be mindful of the continuing global economic volatility. On the West Coast our livelihood is directly linked to the wellbeing of international markets. Our economy, dominated by mining, dairy and tourism, is heavily export oriented. The West Coast exports 37% of our GDP, meaning slightly over a third of everything we produce on the Coast is exported.

DWC's earnings are also directly linked to the performance of international investment

markets. Our Investment Fund is invested in New Zealand equities and bonds, and in offshore share markets. This is important because our end of year retained earnings from investment activities will determine the level of distribution funds available. While we take measured risks when investing or lending from our Distribution Fund, when it comes to equity investment and bonds, DWC takes a conservative approach. With the help of our investment advisors from JBWere and Bancorp Treasury, I do believe and reiterate with confidence that DWC's Investment Fund is in good shape.

Financial Results

Operating Revenues

DWC has achieved another year of steady returns. Total Group Income of $7.3m together with unrealised gains from investments (marked-to-market equity value) of $4.1m delivered a combined year-end Total Group Income of $11.4m. This result is lower than in the previous year of $16.5m as the 2009/2010 year saw a significant gain from the equity market. On balance and in the presence of the ongoing unstable trading environment we are pleased with the result of $11.4 million of Total Group Income.

Operating Expenses

Management and the Board have a goal to effectively and efficiently operate our core business. Our Total Operating Expenses for the Parent (DWC) were $2.4m (2010 $2.5m). This is a 17% decline in Total Operating Expenses since 2009. This was achieved without the loss of any key services or activities that deliver economic benefits to West Coast communities.

Surplus before Community Distribution & Projects

DWC Parent Surplus (excluding unrealised gains from equity, Community Distributions and Projects and impairment of assets) was $4.2m ($4.9m 2010). The Group Surplus for the year was $4.1m against $4.2m in 2010.

Including the mark-to-market gain, DWC Parent Surplus was $8.3m (2010 $13.6m) and Group Surplus was $8.2m (2010 $12.9m).

Considering the investment market conditions we were operating under, the results delivered another strong year of performance.

photo: Juergen Schacke

Community Distributions and Projects

Community Distributions and Projects of $5.3m were significantly higher than budget ($1.6m) and the previous year ($3.0m).

This was due to a number of substantial unbudgeted Community Grants expensed during the year which included: $1m to the Pike River Mine tragedy; $1.5m to two regional cycleway projects; and $100,000 to the Canterbury earthquake relief fund.

These unbudgeted Community Distributions of $2.6 million had a negative impact on DWC's bottom-line. The Trustees were confident they made the right decisions in supporting these causes believing DWC needed to demonstrate strong leadership and provide funding to cushion any economic fallout from these events.

Provisioning

The Group Provisioning was $411k (2010 $140k) and Parent's actual was $714k (2010 $1.0m) against a budget of $350k.

Year End Results

Group Net Surplus was $2.5m (2010 $9.7m) and DWC Parent Net Surplus was $2.2m (2010 $9.6m) against a budget of $5.1m for DWC Parent.

The variance with 2010 can be explained as follows:

(i) In 2010 we experienced a significant uplift in unrealised income from the equity market in 2008/09 and the equity market in 2010/11 performed on a more realistic level.

(ii) The $2.6m of unbudgeted Community Distributions had a material effect on the year end results.

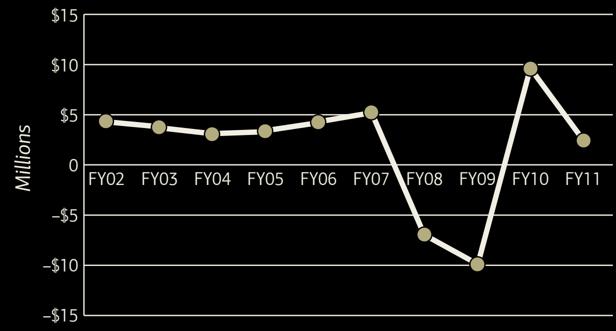
Net Asset Position

DWC Parent ended the year with Total Net Assets of $115.9m compared to $113.0m recorded the previous financial year. The Group Net Asset position is $115.5m (2010 $112.3m).

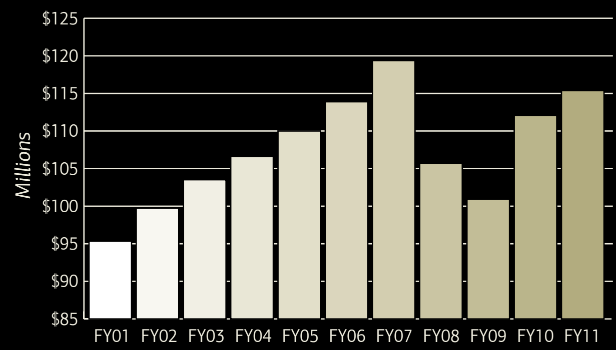
Dr John Chang
Chief Executive Officer

photo: Gareth Eyres

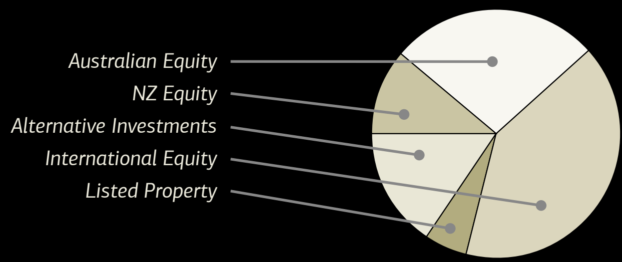
Group Net Surplus



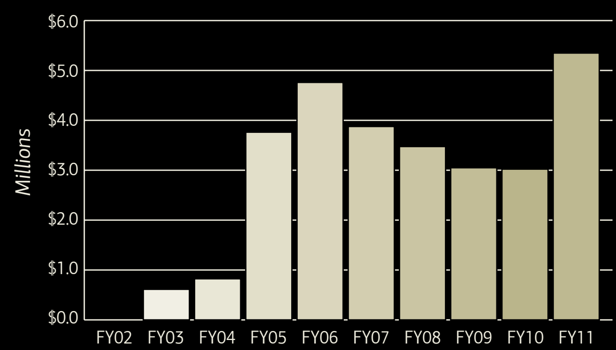
Group Equity



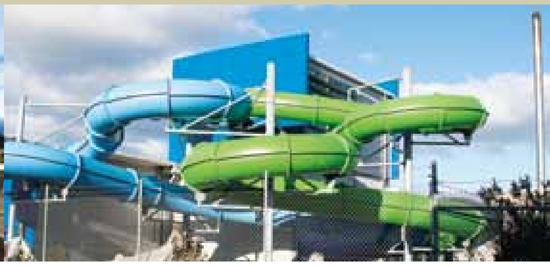
Growth Asset Portfolio



DWC Community Projects Funding



DEVELOPMENT WEST COAST




In 2011 DWC celebrates ten years in existence.

DWC, formerly The West Coast Development Trust, was established in April 2001 after the then Labour-led government stopped native logging on Crown land. The Government provided a $120m package to assist the West Coast economy adjust to the loss of the indigenous logging industry.

DWC received $92m of that funding. The remaining $28m was divided equally between the three West Coast District Councils and the Regional Council.

The decade since DWC's establishment has seen two worldwide recessions and the demise of an unprecedented number of financial institutions, yet DWC has not only retained the original $92m investment but has grown the fund to $116m. It has generated revenue of $95m and spent $28.5m on community projects and grants, some of which has been used to build significant community assets.

DWC is tasked with helping to promote sustainable economic benefit and employment on the West Coast through strategic investments. It has the added responsibility of having to grow its capital for the benefit of present and future generations of West Coasters.

DWC was initially governed by 12 Trustees. This was reduced to six in 2007 and increased to seven in 2008. The Trustees appoint an Advisory Body to act as expert external advisors on all distribution applications over $100,000. The Chief Executive and staff support the Trustees and work with the Advisory Body.

DWC has been investing in the region, stimulating the economy and helping create and retain jobs. Over $50m has been invested in businesses of which $30m has been repaid.

There have been many successes over the past 10 years. In 2004 DWC lent $4.6m to the Roa Mining Company to expand its mine operation. The loan has since been re-paid and 35 miners and contractors are currently employed. DWC also provided finance to assist with the upgrade of the Grey River alluvial gold dredge in 2008 which is now successfully mining near Blackball and employing 15 staff.

There have also been challenges over DWC's first decade. An inquiry by the Auditor-General in 2008 concluded DWC had problems at a governance level and recommended the group of Trustees find a way to work together effectively.

By its very nature a development trust must take risks. Ironically, DWC was criticised early on by some for not taking enough risks, more recently it has been criticised for the business loans and investments that have not performed to expectations.

The reality is not all ventures will succeed financially. DWC lost money it invested in Forever Beech Ltd (FBL) to establish a sustainable beech timber industry on the Coast. Since then a private company that purchased the assets of FBL from DWC has spent $5m to re-commission the former Coastpine sawmilling processing plant. It now employs 20 fulltime workers in Reefton. Whilst there was a cost to DWC, the original vision of creating an economic opportunity and employment for the region was achieved.

Investment in tourism ventures means DWC now owns the land and buildings of the Top 10 Holiday Park in Franz Josef, The Last Resort at Karamea and Punakaiki Crafts and Cafe. All these businesses continue to operate and employ Coasters. In particular, the Top 10 Holiday Park and The Last Resort are significant employers in their respective regions.

Over the years DWC has played an active role in the region's economic development, particularly since the

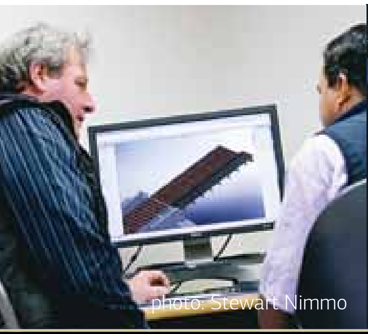
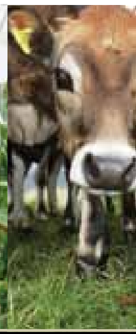


photo: Stewart Nimmo

THE FIRST TEN YEARS

regional body for economic development, Venture West Coast, was placed into recess in 2004. The business support arm of DWC has taken on contracts from the Ministry of Economic Development, New Zealand Trade and Enterprise (NZTE) and Ministry of Science and Innovation. These include industry capability building, business coaching, mentoring services and access to business development and investment services. In the last year DWC has launched a leadership and governance programme to increase the skills of future West Coast leaders.

As part of its business development role, DWC was a partner in the digital strategy which leveraged significant Government and Telecom funds into the region. The majority of West Coast schools are now broadband enabled and the strategy aims to provide fibre-optic infrastructure ensuring 97% of the region has broadband access. A 'Computers in Schools' programme is also helping schools "future proof" their IT needs.

DWC has taken a lead role in supporting industry and has been involved in projects assessing the region's mineral resources, growth opportunities in horticulture and tourism, and prospects for establishing a game fishing industry. DWC and Tourism West Coast collaborated to launch a new website, www.westcoastnz.com, to promote the region. DWC also helps fund Tourism West Coast and Minerals West Coast.

A West Coast Tourism Major Regional Initiative (MRI) was launched in 2005 with $2m from NZTE and a further $2.5m from DWC. The project has helped 16 tourism projects from Karamea to Haast. Projects include the upgrading of walking tracks in the Oparara Valley, a redevelopment of Shantytown, the launch of the Denniston Experience and promotion of the West Coast as a niche birding region.

DWC through its Major District Initiative (MDI) programme also annually allocates $1.2m to the three district councils, subject to DWC's financial performance. If DWC meets its growth targets, each district will ultimately receive $6.7m and already this funding has helped build Westport's Solid Energy Centre and Greymouth's Aquatic Centre, and assisted in restoring Hokitika's Regent Theatre among other valuable community assets. By the time the MDI programme concludes, DWC will have invested over $20m into local communities up and down the Coast.

A range of community organisations have also received support through grants, donations and the CEO's discretionary fund. These are as diverse as the Kumara Racing Club, St John, Girl Guides, Greymouth's Motorcycle Street Race, Ronald McDonald House, Bowls West Coast and Relationship Services.

DWC has been involved in projects to improve educational outcomes for our youth. In 2005 $1.8m was invested in a West Coast literacy project. The results were excellent with 40% of children between year 5 and 8 reaching levels in reading and comprehension that were significantly higher than pupils of the same age in the rest of the country.

An Education to Business project (E2B) was so successful that much of its content has been adopted for introduction into the national school curriculum. More recently, 1,500 enterprising students were involved in an Education for Enterprise (E4E) project which aimed to foster growth of enterprise skills.

DWC is justifiably proud of its achievements over the last ten years. It has been an important vehicle to improve the lives of the people and communities of the West Coast.


photo: Juergen Schacke


photo: Stewart Nimmo

THE NEXT FIVE YEARS

photo: Juergen Schacke

photo: Philip Rossiter

DWC looks ahead to the next five years from a strong financial position with equity of $116m. To continue delivering benefit to Coasters the fund must continue to balance risk and return in its Investment Fund.

Fundamental Change

DWC Economic Stimulus: $6 Million Extraordinary Distribution

To buffer the current economic turbulence, Trustees have undertaken to distribute $6 million to the three West Coast District Councils for the purpose of building significant community assets and/or projects on the West Coast. A change has been made to the Trust Deed to enable this payment to be made.

Together with Central Government's commitment of $3.5m towards the Miners' Memorial Event Centre, DWC's contribution will make a significant positive economic impact on the Coast.

DWC would like to thank Government for their strong support and monetary contribution to the Region.

Bulk Funding Approach

Community Grants were historically distributed directly by DWC through several channels including Community Distributions, CEO Delegation and Major District Initiative (MDI).

From 2011 this funding will no longer be available, however DWC will be supporting charitable projects through bulk distributions to West Coast based charitable organisations.

DWC will provide a total of $100,000 bulk funding to the West Coast Community Trust ($90,000) and Solid Energy Amateur Sports Trust ($10,000) for the 2012 financial year. It will be up to these individual community trusts to receive and consider community applications independent of DWC.

MDI funding ($1.2m per annum) to the three West Coast District Councils (Buller, Grey and Westland) will continue to be distributed directly by DWC to councils for the purposes of applying the fund to significant community projects.

The reasoning behind this approach is to empower the local community charitable organisations as they are, in the opinion of the current DWC Board, better connected to their local community groups and have an integral understanding of their needs.

Focusing on Core Business & Objectives

Trustees and management of DWC are committed to focusing on its core business consistent with the objects of the Deed of Trust, including delivering more tangible benefits (social and economic) to the region and doing more in the form of strategic investment (properties, ventures, new industries, etc) on the West Coast.

photo: Juergen Schacke

photo: Stewart Nimmo

INVESTMENT REVIEW

Performance

For the year ended 31 March 2011 DWC's investment portfolio, managed by JBWere NZ Ltd and Bancorp Treasury Services Ltd, recorded a Time Weighted Return ("TWR") of 9.76%. TWR is a measure of the compound rate of growth in the portfolio.

This was a very strong result in a year of ongoing financial market uncertainty. The year began with sovereign debt issues in Greece dominating headlines, which then prompted concerns about Spain, Italy and Portugal. While an EU rescue package provided some stability, these worries were quickly replaced by re-emerging concerns of a double dip recession in the US. Attention soon shifted to the Irish banking sector, Chinese inflation and political uncertainty in Middle East and North Africa. Late in the financial year global markets came under more pressure as a catastrophic earthquake and tsunami hit Japan raising concerns of a nuclear disaster. On the positive side, the German economy improved markedly over the year and SE Asian demand offset the ongoing weakness in the US domestic economy. While distant events, these developments affect investors everywhere, including DWC. DWC is a direct owner of offshore equities and the New Zealand economy is heavily reliant on the fortunes of our overseas trading partners.

In terms of individual asset class performance, the offshore equities had the largest return above the benchmark (the MSCI world index) – out-performing it by 9.85% over the year. Property and Australian equities noticeably out-performed benchmarks by 6.14% and 1.56% respectively. As at 31 March 2011 the average yield on the fixed interest and cash portfolio was 7.64%, compared to a cash rate of 2.50%.

Outlook for the Year Ahead

Looking forward we are again confronted with a period of significant uncertainty. The three major risks facing markets in the near term are the debt restructuring in Europe, burgeoning government debt levels in other advanced economies and the impact that will have on global economic growth. These issues will be critical for the markets over the coming financial year. Further, a tighter oil market may present challenges in terms of slower global growth and marginally higher inflation.

This said, we believe the above risks will be contained and expect to see decent global growth and an accommodative US monetary policy cycle. This should avoid a prolonged period of difficulty for asset markets.

BOARD OF TRUSTEES

November 2010 saw several changes in Trustees. Two new trustees were elected as a result of the triennial elections. Soon after this Ngai Tahu and the West Coast Councils replaced their appointees resulting in two further new additions to the Board.

John Sturgeon
– Council Appointee

John is the joint Council appointee and Chairman of the Board. A Runanga resident and retired colliery engineer, he has a long association with the West Coast. He is a current Trustee of the Halberg Trust, West Coast Sports Awards Trust and Solid Energy Amateur Sports Trust. John is also the immediate past President of the New Zealand Rugby Union, and was made an MBE in 1991 for his services to sport.

Robert Buchanan
– Independent Trustee

Robert is an Independent Trustee appointed by the New Zealand Law Society and is currently Deputy Chair of the Board. Christchurch born, he is now based in Wellington and specialises in public sector governance and risk management. He is a former director of the Law Commission and was Assistant Auditor-General for 8 years prior to setting up his independent Wellington legal practice in 2006.

Frank Dooley
– Elected Trustee

Frank was elected by the residents of Buller and has been a Trustee and past Chair since the inception of The West Coast Development Trust ten years ago. He has a Bachelor of Commerce from Canterbury University and is a member of the NZ Institute of Chartered Accountants and the Institute of Directors. Frank is the current Chairman of Buller Electricity Ltd, a Director of Buller Holdings and Westland Milk Products and is actively involved as an advisor to many community organisations.

Evan Jones
– Elected Trustee

Evan is Westland District's representative and was born and bred in Hokitika. After leaving school he did a carpentry apprenticeship and headed to Sydney with his wife where he worked in the construction industry for nine years. When he returned to New Zealand he worked for Fergusons Civil Engineering specialising in building hydro intakes. He founded Evan Jones Construction in 1986. The company is based in Hokitika and has a branch in Blenheim. He is a member of the West Coast Rugby Union.

Mark Lockington
– Independent Trustee

Mark was appointed in 2005 as an Independent Trustee by the New Zealand Institute of Chartered Accountants. He was born in Greymouth and educated in Reefton, Christchurch and Wellington. He has a NZ Certificate in Engineering, a Bachelor of Commerce, and is a qualified Chartered Accountant. He has worked for companies in NZ and Australia in management, financial and accounting roles and is currently the Company Secretary at Westland Milk Products.

Helen Rasmussen
– Tangata Whenua Trustee

Helen is the Tangata Whenua representative on the Board. Born and raised in South Westland, she attended Te Wai Pounamu Maori Girls College in Christchurch. Helen is Tangata Whenua and Whakapapa to both Te Runanga O Maakawhio and Te Runanga O Ngati Waewae. Helen and her husband currently own and operate the Haast On The Spot Express Supermarket, Cafe and Takeaways and Charles Court Motels in Greymouth, and former Owner/Skipper of a commercial fishing boat out of Jackson Bay. Helen is a director of three companies and has served on many community boards and committees, including Local Government and Government appointed positions.

Colin Smith
– Elected Trustee

Colin is a new Trustee and the elected representative of the Grey District. He attended South Westland Area School and then began a varied career including working for the Forest Research Institute, driving trucks and fishing commercially. Knowing he wanted to return to the Coast he began studying law at Otago University in 1985. Three years later he graduated and joined Greymouth's Hannan & Seddon lawyers. Colin is a former coach of the Marist Rugby Club (9 years) and a former Board Member and Chairman of the Paroa School Board of Trustees (9 years). Colin is a current Board Member and Judicial Officer for the West Coast Rugby Union and Chairperson of the Paroa Taramakau Coastal Area Trust.

Back row: Mark Lockington, Colin Smith, Dr John Chang (CEO), Evan Jones, Frank Dooley
Front row: Robert Buchanan, John Sturgeon, Helen Rasmussen

ADVISORY BODY

The Advisory Body is appointed by the Trustees and assists in assessing and making recommendations on distribution investments.

The Advisory Body has been active in assessing applications in the key West Coast industry sectors of tourism, extraction and agriculture. It has also continued to actively support the Trustees' interest in existing business activities in the region.

Advisory Body Chair, Gill Cox, says the Trustees' decision to allocate $2 million to each District Council to be used for community grants over the next five years will enable DWC to focus more on commercial distribution applications.

After ten years, financial consultant, chartered accountant and initial Advisory Body member Bruce Gemmell is retiring from the Advisory Body.

Bruce says his decade with DWC has seen successes and failures but he believes many of the accomplishments and successful investments have gone largely unnoticed.

He is proud DWC has funded community projects like the literacy programme and invested in high profile community assets through the Major District Initiative programme.

Most of all through his time he has thoroughly appreciated the diverse characters he has met on the coast and enjoyed the robust debate.

"Coasters are one of the few groups that accept that you can disagree and then move on. There are unique characteristics that West Coasters bring to business - a practical, pragmatic single mindedness and a fierce loyalty and independence of spirit," he says.

Bruce's departure leaves four members of the Advisory Body. Gill Cox, John Isles, David Steele and Keith Rushbrook. The Advisory Body, Trustees and staff would like to acknowledge Bruce's dedication and contribution over the past decade.

DWC and Risk

There has been considerable media attention this year on the activities of DWC and its perceived role, in particular around the question of how it assesses 'risk' when approving or declining applications for distributions.

In very simple terms, DWC was established to promote economic activity by providing financial assistance, whether by grant or by loan, for approved activities. Success is not defined as just getting repaid, although that is very desirable as a means of preserving the capital of DWC to fund future activities. Neither is it defined as simply providing funding for retention or creation of jobs, whether in the short or long term. Success can mean simply the provision of seed funding to get a business activity established to the point where it can be self-sustaining, or even funding to establish whether a business opportunity stands a reasonable chance of becoming self-sustaining and profitable.

Trading banks and traditional funders of business finance operate under very strict guidelines which require levels of certainty around repayment and provision of generous levels of security. This means many opportunities are never realised simply because they cannot jump those financial hurdles and therefore funding is not available.

DWC aims to assist in getting as many opportunities off the ground as possible therefore its appetite for risk is different to that of a trading bank. In considering applications, DWC looks to see that there has been a robust and realistic assessment by the applicant of the opportunity and the realisation that the application will be subject to close scrutiny. The Advisory Body and the Trustees need to be convinced that the applicant has done their homework; that appropriate professional consultation has taken place; and that the applicant has enough skin in the game to be motivated to work hard to make the opportunity successful. Because many of these applications would probably be declined by traditional lenders, DWC needs to understand and assess the implications of the additional risks it faces in entering into such funding arrangements.

These additional risks may require some innovative thinking in respect of the way those risks are mitigated or, at least, minimised and so DWC may sometimes be seen to be taking non-traditional positions in relation to opportunities it funds. These positions are carefully considered taking into account all information, much of which is often confidential and therefore not available in the public arena. As such, DWC will from time to time be subject to query or comment, which it accepts as simply part of the environment in which it operates.

The aim is to minimise the number and impact of such business failures by ensuring the application and approval processes, frustrating as they may seem, result in good decisions based on robust and verifiable information with clear identification of the potential risks as well as benefits of the opportunity.

Keith Rushbrook
Advisory Body

photo: Juergen Schacke

INDUSTRY SUPPORT

Regional Strategy Partnership

In June 2010 DWC was successful in securing Regional Strategy partnership funding from NZTE for three business development projects on the West Coast. In addition to providing partnership funding, DWC is facilitating and administering the projects.

West Coast Minerals Resource Action Plan

The West Coast currently produces $855 million worth of coal and gold annually and contributes in excess of $549 million to the local GDP. This equates to the minerals industry supporting around one third of the entire West Coast population.

A minerals resource assessment undertaken in partnership with Minerals West Coast, GNS Science, NZ Institute of Economic Research (NZIER), the West Coast Regional Council and the three District Councils has identified the potential for growth to an annual production value exceeding $2.4 billion by 2026. However, this is dependent on sufficient exploration, investment and infrastructure development.

Using these findings, a West Coast Minerals Resource Action Plan is now being developed to expand the region's existing mineral sectors and attract new sector players to the Coast.

Big Game Fishing Industry

Research is currently being undertaken into the region's big game fishing industry to investigate whether opportunities exist to support the development of this industry.

Food Production and Processing

This project is designed to investigate the viability of a commercially sustainable West Coast horticulture industry.

A Horticulture Forum launched the project in Westport in November 2010. The forum gathered together key stakeholders including growers, members of the processing industry and researchers. Discussion focused on the potential of the industry to attract investors within and outside the region, efficient use of land and water resources, and how to identify new opportunities and markets.

Lincoln University's Agribusiness and Economics Research Unit is now completing in-depth research looking at economies of scale, supply chain, infrastructure and investment support.

Bakers Creek Orchard

Bakers Creek Orchard was established in 2000 with one hectare of land leased from a local Karamea farmer. Eleven years on the partnership owns 17 hectares of land producing passionfruit, feijoas and limes.

With a commercial loan from DWC the orchard is about to expand and plant gingko trees. Gingko extract is used medicinally to improve mental function, treat Alzheimer's disease, sexual dysfunction and enhance blood circulation.

The money will be used to purchase the trees and land development. The gingko crop has a number of advantages. It is grown on contract which means the business only needs to worry about volume produced, not price, and harvesting falls outside all other crops so seasonal workers can be employed for longer.

One hectare of gingko will be planted in 2011 and a further two hectares in two years time.

photo: Paul Murray

Cycling the Heaphy Track

The winter of 2011 marks the first year of a three year trial period opening the Heaphy Track to mountain biking.

Earlier in the year DWC and Karamea Community Business Ltd hired a tourism consultant to help local Karamea businesses develop an action plan to capitalise on opportunities. DWC's Business Development Manager continues to meet with local businesses and help facilitate the action plan.

Winter is traditionally a very quiet time for Karamea but local businesses, especially accommodation providers, are already reporting a significant increase in business over the winter months this year.

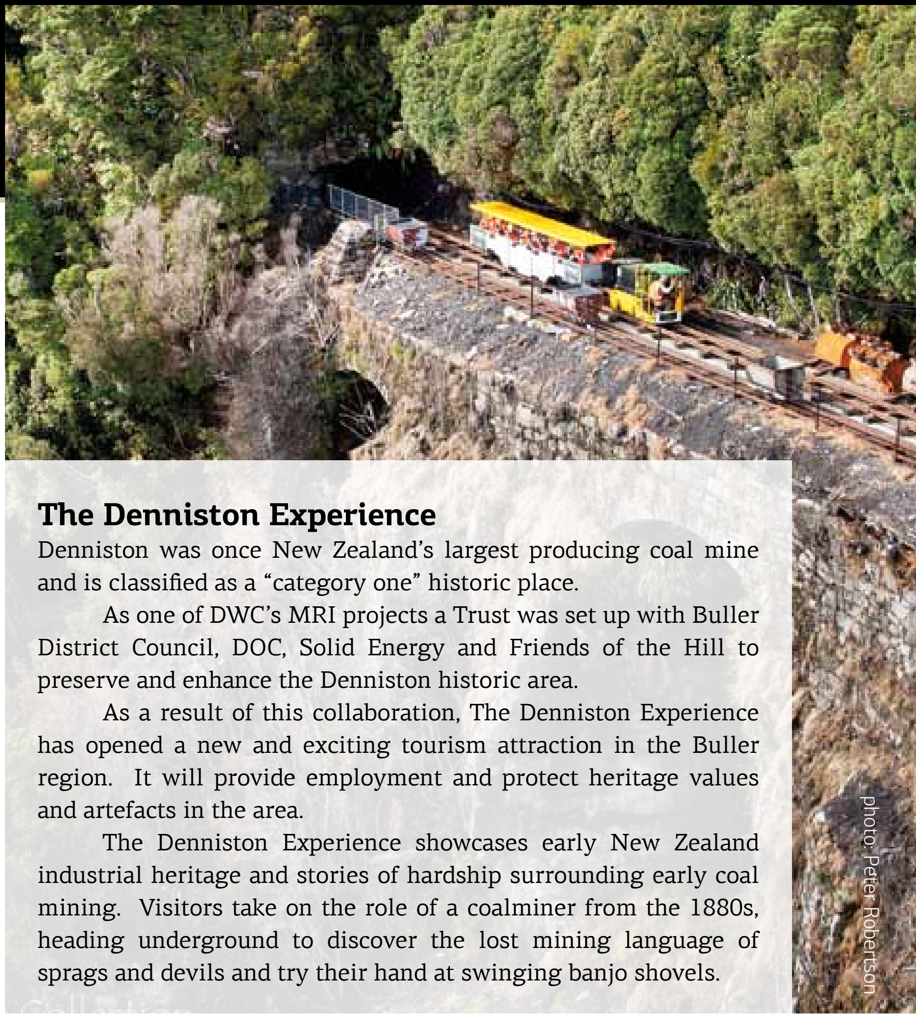


photo: Peter Robertson

The Denniston Experience

Denniston was once New Zealand's largest producing coal mine and is classified as a "category one" historic place.

As one of DWC's MRI projects a Trust was set up with Buller District Council, DOC, Solid Energy and Friends of the Hill to preserve and enhance the Denniston historic area.

As a result of this collaboration, The Denniston Experience has opened a new and exciting tourism attraction in the Buller region. It will provide employment and protect heritage values and artefacts in the area.

The Denniston Experience showcases early New Zealand industrial heritage and stories of hardship surrounding early coal mining. Visitors take on the role of a coalminer from the 1880s, heading underground to discover the lost mining language of sprags and devils and try their hand at swinging banjo shovels.

Shantytown

Shantytown and its recreated gold-rush town is one of the Coast's most loved tourist attractions.

In the last year the iconic tourist destination has relocated its gift shop, renovated its tea rooms and opened a new holographic theatre with the help of DWC's MRI project.

The Princess Theatre is New Zealand's first holographic theatre and tells the story of the West Coast's first policeman, Thomas Brougham. Visitors hear how hard and heinous life on the Coast really was before the turn of the century.

BUSINESS SUPPORT

West Coast Leading Light Business Excellence Awards 2011

Winners of the West Coast Leading Light Business Excellence Awards were announced at a gala function at Shantytown in July.

The inaugural awards celebrated business enterprise, innovation, sustainability and success.

DWC CEO, Dr John Chang, says it was wonderful to celebrate the contribution small, medium and large businesses make to the West Coast economy.

"The night was enjoyed by a cross section of West Coast businesses flying the flag and acknowledging excellence," he says.

"I am confident that with the ongoing support of the sponsors and the West Coast business fraternity the Leading Light Business Excellence Awards will be an important event each year for many years to come."

The winners were:

Greymouth Star – Super Nova Award	**GT Liddell Contracting Ltd**
Solid Energy New Zealand – Service and Retail Award	**Unichem Olsen's Pharmacy**
Duncan Cotterill – Primary Producer Award	**Westland Milk Products**
Tourism West Coast – Tourism Award	**Westland Tourism Ltd**
Buddle Findlay –Community/Charity Organisation Award	**Tai Poutini Polytechnic**
Westland Milk Products – Construction/Engineering/Manufacturing Award	**GT Liddell Contracting Ltd**
ACC – Workplace Safety Award	**Westland Milk Products**

"WINNING OUR CATEGORY HAS BEEN A HUGE BOOST FOR OUR TEAM. IT PROVIDES OUTSIDE RECOGNITION OF THE TEAM PERFORMANCE AND ENHANCES THE REPUTATION OF THE BUSINESS".

Kerri Miedema,
Co-owner Olsen's Pharmacy, Greymouth

photos: Stewart Nimmo

"IT WAS A VERY, VERY GOOD NIGHT – I WOULD RATE IT AS ONE OF THE BEST AWARDS NIGHTS WE'VE BEEN TO. WE HAVE PUT A LOT OF EFFORT IN SETTING UP A COMPANY STRUCTURE IN THE LAST FEW YEARS AND WINNING THE SUPREME AWARD IS A WONDERFUL REWARD FOR ALL THAT WORK."

Graham Liddell, GT Liddell Contracting Ltd

"WESTLAND TOURISM LTD, REPRESENTING FRANZ JOSEF GLACIER GUIDES AND THE GLACIER HOT POOLS, IS DELIGHTED TO BE THE INAUGURAL WINNER OF THE TOURISM CATEGORY. THE RECOGNITION IS AN ENDORSEMENT FOR BOTH THE TOWNSHIP AND OUR BUSINESSES HERE."

Fraser Leddie, General Manager, Ngai Tahu Tourism – West Coast Region

"TAI POUTINI POLYTECHNIC IS DELIGHTED TO HAVE RECEIVED THE AWARD FOR COMMUNITY / CHARITY ORGANISATION. WE ARE A VITAL PART OF THE COMMUNITY AND IT WAS A PLEASURE TO ACCEPT THE AWARD ON BEHALF OF MY STAFF AND THE POLYTECHNIC"

Paul Wilson, CEO Tai Poutini Polytechnic

Business Mentoring

Over the past year business mentors have supported a variety of West Coast businesses including those in the tourism, construction, wholesale and food and beverage industries. Mentors provide independent and confidential advice to businesses that seek support. Feedback tells us West Coast businesses tend to want help with finance, human resources, sales and marketing, strategic business planning and legal compliance issues.

DWC has also worked with Business Mentors NZ to facilitate the accreditation of twelve West Coast business people as mentors.

In April and June 2010 eleven Coast businesses took part in Business Mentor Start Up courses. The initial workshop helps assess the market potential and financial viability of proposed ventures. A business plan guideline is then provided to assist with planning and, coupled with on-going Business Mentor support, provides a good foundation for the new business venture.

photo: Whanake

Advanced Business Mentoring Pilot Project

In October 2010 DWC approached four West Coast business owners to be part of an intense business mentoring pilot project part funded by DWC. Each business was matched with a specialised consultant for at least three months and all involved have evaluated the process and provided excellent feedback.

Photographer Staci Offwood owns Westport's Whanake Gallery & Espresso Bar. Staci has faced many challenging business decisions in the last year and jumped at the chance to have some intense one on one mentoring.

Staci admits it wasn't an easy process. She had to work hard to complete action plans and put in place suggested tactics, but says it was a fantastic opportunity. Staci learnt a lot and was able to really focus on her business.

Often high level capability building intervention programmes like this one are considered financially beyond the scope of small and medium enterprises. DWC aims to build on this pilot project and to support mentoring in the future.

Business Recovery Workshops

In response to the devastating Pike River Mine disaster DWC organised nine business recovery workshops which were run by NZTE.

Nearly 100 West Coast business people took advantage of the free workshops which covered issues such as cash flow, strategic planning, smart business and building resilience.

Regional Business Partner Network

The Regional Business Partner network establishes DWC as the first point of contact for small and medium sized West Coast businesses seeking government assistance to grow their business.

DWC gives business owners and managers better access to the wide variety of services and funding available through NZTE and the MSI. Trained business facilitators assess local firms to determine their specific needs and assist them with a plan to help them develop, grow and be innovative.

Assistance can take the form of vouchers as a contribution towards training, workshops, courses, coaching and business mentoring, or help applying for research and development funding.

Business owners who have used the service like the ability to sit down and look at all aspects of their business. Common areas of assistance are management, employment contracts, and marketing.

DWC IS HELPING US TO INDENTIFY OUR PROBLEMS AND TO FIND SOLUTIONS. WE'RE ALSO GETTING FINANCIAL HELP TO SEND OUR STAFF ON COURSES - THAT'S THE ICING ON THE CAKE.

Hellen Bygate,
MBC Contracting, Westport

IT GETS YOU OUT OF YOUR BUSY BUSINESS INTO AN ENVIRONMENT WHERE YOU CAN FOCUS ON IDENTIFYING YOUR BUSINESS'S STRENGTHS AND WEAKNESSES.

Paul Schramm,
The Wild West Adventure Company, Greymouth

I GOT SOME REALLY GOOD ADVICE AND UNDERTOOK SOME COURSES WHICH WERE INVALUABLE. NOW I'VE MOVED THE BUSINESS FROM THE SPARE ROOM AT HOME TO OFFICES IN TOWN - IT'S MADE A HUGE DIFFERENCE.

Fiona Scadden,
Coastwide Resource Consultancy, Hokitika

West Coast Leadership and Governance Programme

A desire to increase the skills of future West Coast leaders prompted DWC to support a training programme for the Coast's next generation of leaders.

Quality leadership and governance is required in many sectors of our community, from boards of directors and trustees to local government, non-profit organisations, school boards and sporting clubs.

The West Coast Leadership and Governance programme is run in conjunction with Westland Milk Products, the New Zealand Institute of Management and ten local businesses.

Fourteen local business people from a variety of backgrounds will take part in the 18 month programme studying governance and leadership. It is expected that raising their professional skill levels will benefit both individual businesses and the wider community.

COMMUNITY SUPPORT

DWC supported a number of community organisations and projects over the year. In addition to the $1.2 million for MDI projects like Westport's Solid Energy Centre, Hokitika's Boys' Brigade Hall and Greymouth's West Coast Theatre Trust, a further $2.8 million has been provided through grants, donations, CEO discretionary funding or DWC-led projects.

Computers in Schools

Eleven West Coast primary schools received one hundred new computers, digital and video cameras, digital microscopes and data projectors this year as part of the West Coast ICT 'Computers in Schools' project.

The project began after an audit found 74% of local schools had computers that were four to six years old. This compared to the national average of three years.

DWC believes education is an important part of economic development and students should have access to modern and efficient computers. However, DWC also wanted to ensure schools planned for their future IT needs and schools were required to provide at least 20% of their own funding and complete a review to ascertain their technology requirements in the next five years.

Many schools contributed over the 20% requirement and are now thinking about their future ICT needs. When ultra-fast broadband kicks in over the next couple of years they will be ready for it.

photos: Stewart Nimmo

Te Runanga o Ngati Waewae Inc

DWC has provided funding to help three apprentices carve the pou pou inside the Wharenui, for Te Runanga o Ngati Waewae's new marae overlooking the Arahura River. The carvings tell the history of Ngati Waewae.

The three and a half year project is being overseen by master carvers who mentor the apprentices. When the marae is completed in 2012 it is hoped the Runanga will open a wananga and the carvers can tutor others.

Canterbury Earthquake Relief

West Coasters have shown support and solidarity through both the September and February quakes, providing temporary shelter to some Cantabrians, lending skills to others and assisting in various emergency service and civil defence roles.

As neighbours, our economies are linked in numerous ways. DWC was pleased to be able to donate $100,000 to the Christchurch Earthquake Relief Fund.

Pike River Mine Tragedy

November 19 2010 was a dark day in the history of the West Coast when 29 miners and contractors tragically lost their lives at Pike River Mine. The ramifications will be widely and deeply felt for many years to come.

In recognition of the severity of the disaster and its impact on families and the community, DWC allocated funding of $1 million to a Pike River relief fund, and this has since been set up as the River Distribution Fund.

A committee has been established to administer the Fund which will distribute an agreed amount in grants each year to the community. Grants will be approved to West Coast individuals, businesses or organisations that promote sustainable employment opportunities and economic benefits to the region.

Particular account will be taken of the need to stimulate and develop business activity on the West Coast, including activities that support the coal mining industry. The Fund can also provide education opportunities to those affected by the disaster either directly or indirectly.


photo: westcoastrailtrail.com

Cycleways

The West Coast has been recognised as an exciting destination for cycle tourists with two cycle ways being approved as part of the Government's New Zealand Cycle Trail project.

The Westland Wilderness Trail is a four day, 140km trail from Greymouth to Ross which, as a primarily grade one trail, will be suitable for families. It traverses rainforest, lakes, wetlands and the Southern Ocean, all with the spectacular back-drop of the Southern Alps.

Buller's 160km Old Ghost Road trail is suited to intermediate and advanced riders and is a back country loop which follows an historic gold miners' route. It begins in the Upper Buller Gorge and heads north to the Mokihinui River, joining the Charming Creek walkway and the Denniston Plateau.

Both trails will create economic, social and environmental benefits to the West Coast communities and DWC was pleased to be able to grant each trail $750,000.


photo: Phil Rossiter

MDI Funding

Development West Coast continues to invest in developing the West Coast's community assets through the Major District Initiative project. Each district has access to $400,000 per annum until March 2022. Below is a list of the projects that have been approved to 31 March 2011.

	Approved	Distributed to date	Balance to be Distributed	Status
Buller				
Arts & Cultural Centre	700,000	700,000	0	Complete
Solid Energy Centre	6,000,000	1,500,000	4,500,000	Complete
	6,700,000	2,200,000	4,500,000	
Grey				
Aquatic Centre	6,000,000	1,600,000	4,400,000	Complete
Cobden Sports Complex	50,000	50,000	0	Complete
Grey United Tennis Club	20,000	0	20,000	Not started
West Coast Theatre Trust	400,000	0	400,000	Commenced
Westurf Recreation Trust	100,000	0	100,000	Complete
	6,570,000	1,650,000	4,920,000	
Westland				
Donovan's Store Refurbishment	78,375	0	78,375	Commenced
Hokitika Gorge Upgrade	82,014	82,014	0	Complete
Hokitika Regent Theatre (Stage I)	340,000	340,000	0	Complete
Hokitika Regent Theatre (Stage II)	570,000	256,668	313,332	Commenced
Library Relocation	489,392	489,390	2	Complete
Westland Boys' Brigade Hall	247,349	166,640	80,709	Commenced
Westland i-Site	296,952	296,952	0	Complete
	2,104,082	1,631,664	472,418	

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 2011.

Signed for and on behalf of the Trustees and Management.

John Sturgeon
Chairman
17 August 2011

Dr John Chang
Chief Executive
17 August 2011

AUDITOR'S OPINION

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of
Development West Coast's
financial statements
for the year ended 31 March 2011

The Auditor-General is the auditor of Development West Coast (the Trust). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on her behalf.

We have audited the financial statements of the Trust on pages 28 to 48, that comprise the balance sheet as at 31 March 2011, the statement of consolidated income, statement of comprehensive income, statement of movements in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 28 to 48:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
  - financial position as at 31 March 2011; and
  - financial performance and cash flows for the year ended on that date.

Our audit was completed on 17 August 2011. 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 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 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 Trust's preparation of financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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. We have obtained all the information and explanations we have required and 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 preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's financial position, financial performance and cash flows.

The Trustees are also 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' responsibilities arise from section 22 of the Trust Deed of the Trust.

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 section 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 of the New Zealand Institute of Chartered Accountants.

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

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial statements

This audit report relates to the financial statements of Development West Coast (the Trust) and group for the year ended 31 March 2011 included on the Trust's website. The Trust's Board of Trustees is responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and the related audit report dated 17 August 2011 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

FINANCIALS

Statement of Consolidated Income

	Note	Consolidated 2011 $000	Consolidated 2010 $000	Parent 2011 $000	Parent 2010 $000
Finance Income	4	5,676	6,597	6,110	6,870
Trading Sales		158	694	0	0
Other Operating Income		1,451	526	468	536
Total Income		7,285	7,817	6,578	7,406
Operating Expenses	5	3,145	3,609	2,393	2,469
Surplus before Community Distributions & Projects		4,140	4,208	4,185	4,937
Community Distributions & Projects	6	5,344	3,022	5,344	3,022
Surplus/(Deficit) before Impairment of Assets		(1,204)	1,186	(1,159)	1,915
Impairment of Distribution Assets		411	140	714	1,004
Impairment of Other Assets	7	1	0	0	0
Investment Mark-to-Market (Gain)/Loss		(4,079)	(8,677)	(4,079)	(8,677)
Surplus for the Year before Tax		2,463	9,723	2,206	9,588
Taxation	8	0	0	0	0
Surplus for the Year		**2,463**	**9,723**	**2,206**	**9,588**
Attributable to:					
Non-Controlling Interests		(143)	(220)		
Parent		2,606	9,943		
Surplus for the Year		**2,463**	**9,723**		

Statement of Comprehensive Income

	Note	Consolidated 2011 $000	Consolidated 2010 $000	Parent 2011 $000	Parent 2010 $000
Surplus for the Year	20	2,463	9,723	2,206	9,588
Other Comprehensive Income:					
Net Gain/(Loss) on Available for Sale Investments	20	801	1,647	801	1,647
Net Gain/(Loss) on Cash Flow Hedges	20	(73)	(32)	(73)	(32)
Other Comprehensive Income for the Year		728	1,615	728	1,615
Total Comprehensive Income for the Year		**3,191**	**11,338**	**2,934**	**11,203**
Attributable to:					
Non Controlling Interests	20	(143)	(220)		
Parent		3,334	11,558		
Total Comprehensive Income for the Year		**3,191**	**11,338**		

Statement of Movements in Equity

	Note	Consolidated 2011 $000	Consolidated 2010 $000	Parent 2011 $000	Parent 2010 $000
Balance at 1 April		112,329	100,991	112,993	101,790
Surplus for the Year		2,463	9,723	2,206	9,588
Other Comprehensive Income for the Year		728	1,615	728	1,615
Total Comprehensive Income for the Year		3,191	11,338	2,934	11,203
Balance at 31 March		**115,520**	**112,329**	**115,927**	**112,993**

Balance Sheet

	Note	Consolidated		Parent	
		2011 $000	2010 $000	2011 $000	2010 $000
ASSETS					
Current Assets					
Cash and Cash Equivalents	9	1,994	891	1,949	757
Current Tax Receivable		0	5	0	0
Trade and Other Receivables	10	396	807	927	914
Inventories		0	55	0	0
Biological Assets		0	13	0	0
Derivative Financial Instruments	15	0	298	0	298
Investments	11	54,800	45,594	54,799	45,593
Distribution Assets	12	1,946	3,242	2,662	4,131
		59,136	50,905	60,337	51,693
Non-Current Assets Classified as Held for Sale	13	0	215	0	0
Total Current Assets		59,136	51,120	60,337	51,693
Non-Current Assets					
Derivative Financial Instruments	15	35	93	35	93
Intangible Assets and Goodwill	14	75	61	74	49
Property, Plant and Equipment	13	6,433	6,585	1,203	1,229
Investments	11	49,412	53,714	49,412	53,714
Distribution Assets	12	6,239	4,450	10,585	9,788
Total Non-Current Assets		62,194	64,903	61,309	64,873
TOTAL ASSETS		121,330	116,023	121,646	116,566
LIABILITIES					
Current Liabilities					
Trade and Other Payables	16	3,493	2,442	3,402	2,321
Provisions	17	2,312	1,246	2,312	1,246
Derivative Financial Instruments	15	1	0	1	0
Total Current Liabilities		5,806	3,688	5,715	3,567
Non-Current Liabilities					
Trade and Other Payables	16	4	6	4	6
Total Non-Current Liabilities		4	6	4	6
TOTAL LIABILITIES		5,810	3,694	5,719	3,573
NET ASSETS		**115,520**	**112,329**	**115,927**	**112,993**
EQUITY					
Equity Attributable to Owners of the Parent					
Restricted Capital	19	89,325	79,325	89,325	79,325
Reserves	20	26,195	33,950	26,602	33,668
Non Controlling Interests	20	0	(946)	0	0
TOTAL EQUITY		**115,520**	**112,329**	**115,927**	**112,993**

Cash Flow Statement

	Note	Consolidated		Parent	
		2011 $000	2010 $000	2011 $000	2010 $000
Cash Flows from Operating Activities					
Receipts from Customers		158	697	0	0
Finance Income		4,999	5,793	4,995	5,775
Other Income		1,273	750	455	601
Payments to Suppliers, Trustees and Employees		(2,866)	(3,696)	(2,259)	(2,586)
GST inflow/(outflow)		594	(629)	0	0
Community Distributions and Projects		(3,525)	(4,754)	(3,525)	(4,754)
Net Cash Flows from/(used in) Operating Activities	18	633	(1,839)	(334)	(964)
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment		261	819	27	51
Proceeds from Sale of Intangible Assets		10	350	0	0
Proceeds on Disposal of Investments		28,577	49,242	28,577	48,319
Distribution Asset Repayments		970	4,215	2,431	5,872
Purchase of Property, Plant and Equipment		(114)	(5,705)	(114)	(959)
Purchase of Intangible Assets		(25)	(53)	(25)	(43)
Purchase of Investments		(27,796)	(44,599)	(27,796)	(43,704)
Distribution Asset Lending		(1,413)	(2,566)	(1,574)	(8,804)
Net Cash Flows from/(used in) Investing Activities		470	1,703	1,526	732
Net Increase/(Decrease) in Cash and Cash Equivalents		1,103	(136)	1,192	(232)
Net Foreign Exchange Differences					
Cash and Cash Equivalents at Beginning of Period		891	1,027	757	989
Cash and Cash Equivalents at End of Period	9	**1,994**	**891**	**1,949**	**757**

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 Forever Beech Limited, West Coast Development Holdings Limited and its subsidiaries, West Coast Development Trust Land Company Limited, West Coast Snowflake Limited and Cranberries New Zealand Limited. The Trust acquired the remaining 50% of the shares in Cranberries New Zealand Limited during the year and it is now fully owned by the Trust through its subsidiary West Coast Development Holdings Limited.

The financial statements of Development West Coast for the year ended 31 March 2011 were authorised for issue by Trustees on 9 August 2011.

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 and available-for-sale investments, 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. 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.

3.6. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

3.7. 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.

3.8. Inventories

Inventories are valued at the lower of cost, determined on a first in first out basis, and net realisable value.

Costs incurred in bringing each product to its present location and condition are included in the cost of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.9. Biological Assets - Cranberry Vines

Cranberry vines are measured at their cost less any accumulated depreciation and any accumulated impairment losses.

Impairment losses are recognised in the income statement in the year they arise.

Cranberries are initially measured at their cost.

3.10. 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 remeasured 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 Statement of Consolidated Income 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.

3.11. 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 derecognition.

3.12. 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). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. 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 Income Statement

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 income statement 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.

3.13. 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.

3.14. 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 the income statement.

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.

3.15. Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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.

3.16. 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. 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.

3.17. 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.

3.18. 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.

3.19. 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.

3.20. Provisions and Employee Benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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.

a) **Major District Initiative**

Development West Coast has undertaken, subject to certain criteria, to fund each West Coast District Council $400,000 p.a. for approved Major District Initiatives (MDI). Certain capital projects are eligible for consideration as MDI projects, including sports and recreational facilities, theatres, museums and art galleries. Until an application is approved and funds committed for a particular project, the funding is provisioned on an annual basis. Funding will cease to be available for the MDI after March 2022.

b) **Major Regional Initiative**

Development West Coast allocated funding of $2,500,000 to the Major Regional Initiative (MRI) in 2006 and the allocation was provisioned at that time. As individual projects within the MRI have funds committed to them the initial provision is reversed and a trade payable established until payment is made.

c) **Pike River Distribution Fund**

In November 2010, following the Pike River Mine disaster, Development West Coast allocated funding of $1,000,000 to the Pike River Distribution Fund. The allocation has been provisioned. The Pike River Distribution Fund may be applied through grants to individuals, businesses, or other organisations in the region, for any purpose that will promote sustainable employment opportunities and/or sustainable economic benefits in the West Coast Region. As individual projects have funds committed to them the initial provision is reversed and a trade payable established until payment is made.

3.21. 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.

3.22. Income Tax and Other 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.

Other Taxes

Development West Coast is a "registered person" in terms of the Goods and Services Act 1985. 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.

3.23. 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.

4. Finance Income

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Interest on Distribution Assets	461	698	899	989
Interest on Term Deposits	291	499	291	497
Interest on Available for Sale Investments	4,356	4,251	4,355	4,251
Interest Concessions	194	211	194	211
Interest – Other	4	0	0	0
Dividends on Available for Sale Investments	121	186	121	186
Dividends on Held for Trading Investments	701	783	701	767
Fee Income	1	48	1	48
Net Realised Gains/(Losses) on disposal of Available for Sale Investments	203	1,128	203	1,128
Net Realised Gains/(Losses) on Held for Trading Derivatives	870	45	870	45
Net Realised Gains/(Losses) on Held for Trading Investments	(1,526)	(1,252)	(1,526)	(1,252)
	5,676	**6,597**	**6,110**	**6,870**

5. Operating Expenses

	Note	Consolidated		Parent	
		2011 $000	2010 $000	2011 $000	2010 $000
Administration Expenses		1,485	1,531	1,155	1,180
Advisory Body Fees		110	121	110	121
Advisory Body Expenses		22	25	22	25
Auditors' Remuneration	27	109	97	76	55
Bad and Doubtful Debts		5	0	0	0
Cost of Sales		90	439	0	0
Depreciation	13	219	162	93	88
Directors' Fees		22	17	0	0
Election Costs		25	0	25	0
Equipment Lease Payments		17	16	17	16
External Consultancy Expenses		170	162	151	143
Farm Expenses		67	120	0	0
Finance Costs		3	2	2	2
Information & Communication Technology		38	25	38	25
Insurance & Risk Management		43	47	39	39
Investment Advisory Expenses		240	240	240	240
Legal Fees		151	221	116	185
Loss/(Gain) on Sale of Assets		(1)	3	(20)	(21)
Marketing & Promotion		11	24	11	24
Occupancy		101	90	100	86
Recruitment Costs		12	41	12	41
Sales, Marketing & Despatch		0	6	0	0
Trustees' Remuneration		163	160	163	160
Trustees' Expenses		43	60	43	60
Total Operating Expenses		**3,145**	**3,609**	**2,393**	**2,469**

6. Community Distributions and Projects

	Note	Consolidated 2011 $000	Consolidated 2010 $000	Parent 2011 $000	Parent 2010 $000
Interest Concessions		194	211	194	211
Community Grants	6.1	2,891	365	2,891	365
Regional Partnership Network		65	147	65	147
Education 4 Enterprise		0	154	0	154
Business Development Unit		966	837	966	837
Major Regional Initiative		28	108	28	108
Provision for Major District Initiative		1,200	1,200	1,200	1,200
Total Community Distributions & Projects		**5,344**	**3,022**	**5,344**	**3,022**

6.1. Community Grants Analysis

Recipient	2011 $
Around Brunner	6,000
Blackball Residents' Association	500
Blackball Workingmens Club	500
Buller Basketball	500
Buller's Best Craft Show	939
Buller Board Riders	2,000
Canterbury Earthquake Relief	100,000
Club Buller	2,609
Computers in Schools	99,235
Focus Farms	28,000
Glacier Country Tourism	4,000
Glacier Promotions Charitable Trust	870
Greymouth and Kumara Anglican Parish	10,000
Greymouth Golf Club	500
Greymouth Jockey Club	500
Haast Pass 50th Anniversary	1,000
Kumara Racing Club	1,000
Lake Kaniere Scenic Triathlon	600
LandSAR Westland District	1,778
Mokihinui-Lyell Backcountry Trust-Cycleway	750,000
New Coasters Inc	6,485
NZ Snow and Ice Research Group	870
Pike River Mine Tragedy	1,000,000
Quartzopolis Classic 2011	1,000
Reefton Golf Club - Golden Nugget	435
Ronald McDonald House	15,000
Ross Fireworks Festival	300
Source to Sea	15,000
South Westland Search and Rescue	10,000
Te Runanga o Ngati Waewae Inc	24,000
Tourism West Coast	83,200
United Nations Youth	267
West Coast Jet Boat Club	500
Westport Bowling Club	661
Westland Wilderness Trust-Cycleway	750,000
Whataroa Golf Club	300
Sub Total	2,918,549
Reversal of Prior Years' Grants	(27,451)
Total Community Grants	**2,891,098**

7. Impairment of Other Assets

	Note	Consolidated 2011 $000	Consolidated 2010 $000	Parent 2011 $000	Parent 2010 $000
(Reversal of Impairment)/Impairment of Intangible Assets		1	0	0	0
		1	**0**	**0**	**0**

8. Income Tax

8.1. Income Tax Expense

	Consolidated	
	2011 $000	2010 $000
Income Statement	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	
	2011 $000	2010 $000
Accounting Surplus/(Deficit) Before Tax	2,463	9,723
At the Statutory Income Tax Rate of 30%	739	2,917
Adjustments in Respect of Parent Surplus/(Deficit) not Taxable	(754)	(3,136)
Adjustments in Respect of Temporary Differences	(0)	(5)
Adjustments in Respect of Permanent Differences	(135)	(41)
Tax Losses not Recognised	(150)	(265)
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 2011 these totalled $8,646,000 (2010: $8,235,000).

9. Cash and Cash Equivalents

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Cash at Bank and On Hand	1,994	891	1,949	757
Total Cash and Cash Equivalents	**1,994**	**891**	**1,949**	**757**

As at 31 March 2011, Development West Coast had $2,714,000 (2010: $6,495,000) on short term deposit at registered banks. These deposits are classified as investments in the annual accounts.

10. Trade and Other Receivables

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Trade Receivables	283	19	121	13
GST Refund Receivable	95	717	101	176
Related Party Receivables	0	0	687	692
Sundry Receivables	18	71	18	33
Carrying Amount of Trade and Other Receivables	**396**	**807**	**927**	**914**

10.1. Related Party Receivables

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

11. Investments

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Available for Sale Investments	64,510	60,542	64,509	60,541
Held for Trading Investments	36,988	32,271	36,988	32,271
Term Deposits	2,714	6,495	2,714	6,495
Total Investments	**104,212**	**99,308**	**104,211**	**99,307**
Current Assets	54,800	45,594	54,799	45,593
Non Current Assets	49,412	53,714	49,412	53,714
Total Assets	**104,212**	**99,308**	**104,211**	**99,307**

Available-for-sale investments consist of investments in alternative assets and fixed term bonds. Alternative Assets consist of private equity and hedge funds.

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	
	2011 $000	2010 $000	2011 $000	2010 $000
Cash and Cash Equivalents	1,994	1,027	1,949	757
Trade and Other Receivables	396	1,133	927	1,238
Term Deposits	2,714	6,495	2,714	6,495
Distribution Assets (Gross)	13,059	12,172	22,181	22,157
Total Loans and Receivables	**18,163**	**20,827**	**27,771**	**30,647**

12. Distribution Assets

The distribution assets can be further analysed as follows:

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Current Distributions	6,212	6,608	15,585	16,476
Less Provision for Impairment	4,266	3,366	12,923	12,345
Net Current Distributions	1,946	3,242	2,662	4,131
Non-Current Distributions	6,847	5,565	11,818	10,903
Less Provision for Impairment	608	1,115	1,233	1,115
Net Non Current Distributions	6,239	4,450	10,585	9,788
Distribution Assets	**8,185**	**7,692**	**13,247**	**13,919**
Investment in Subsidiaries			5,222	5,222
Loans to Subsidiaries			9,122	9,985
Loans to Other Parties			13,059	12,172
			27,403	27,379
Less Provision for Impairment			14,156	13,460
Distribution Assets			**13,247**	**13,919**

12.1. Related Party Distribution Assets

$14,344,000 of distribution assets were invested in subsidiaries of Development West Coast at 31 March 2011 (2010: $15,207,000) and there was a $9,282,000 provision for impairment relating to these balances (2010: $8,739,000). There were no write offs of amounts of distribution assets outstanding from subsidiaries of Development West Coast during the year ending 31 March 2011 (2010: $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 2009	342	1,455	110	63	68	172	2,100	7	4,317
Additions	53	7	58	6	5	33	4,700	0	4,862
Disposals	(145)	(556)	(5)	0	0	(14)	(252)	0	(972)
Balance at 31 March 2010	250	906	163	69	73	191	6,548	7	8,207
Balance at 1 April 2010	250	906	163	69	73	191	6,548	7	8,207
Additions	85	40	7	6	6	10	0	0	154
Disposals	(75)	(360)	(40)	(5)	0	(41)	(140)	0	(661)
Balance at 31 March 2011	260	586	130	70	79	160	6,408	7	7,700
Depreciation and Impairment Losses									
Balance at 1 April 2009	187	636	31	52	57	146	286	0	1,395
Depreciation Charge for the Year	47	33	12	4	5	16	45	0	162
Impairment Losses	0	0	0	0	0	0	0	0	0
Disposals	(120)	(1)	(3)	0	0	(12)	(14)	0	(150)
Balance at 31 March 2010	114	668	40	56	62	150	317	0	1,407
Balance at 1 April 2010	114	668	40	56	62	150	317	0	1,407
Depreciation Charge for the Year	48	28	11	4	6	17	105	0	219
Impairment Losses	0	0	0	0	0	0	0	0	0
Disposals	(65)	(265)	(3)	(2)	0	(42)	18	0	(359)
Balance at 31 March 2011	97	431	48	58	68	125	440	0	1,267
Net Carrying Amount									
At 1 April 2009	155	819	79	11	11	26	1,814	7	2,922
At 31 March 2010	136	238	123	13	11	41	6,231	7	6,800
At 31 March 2011	163	155	82	12	11	35	5,968	7	6,433

Classified as	2011 $000	2010 $000
Property, Plant and Equipment Held for Sale	0	215
Non Current Property Plant and Equipment	6,433	6,585
Total Property, Plant and Equipment	**6,433**	**6,800**

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 2009	319	0	110	41	68	172	950	7	1,667
Additions	54	0	58	6	5	33	0	0	156
Disposals	(145)	0	(5)	0	0	(14)	(40)	0	(204)
Balance at 31 March 2010	228	0	163	47	73	191	910	7	1,619
Balance at 1 April 2010	228	0	163	47	73	191	910	7	1,619
Additions	85	0	7	6	6	10	0	0	114
Disposals	(75)	0	(40)	(2)	0	(41)	0	0	(158)
Balance at 31 March 2011	238	0	130	51	79	160	910	7	1,575
Depreciation and Impairment Losses									
Balance at 1 April 2009	170	0	31	33	57	146	0	0	437
Depreciation Charge for the Year	46	0	12	4	5	15	6	0	88
Impairment Losses	0	0	0	0	0	0	0	0	0
Disposals	(120)	0	(3)	0	0	(12)	0	0	(135)
Balance at 31 March 2010	96	0	40	37	62	149	6	0	390
Balance at 1 April 2010	96	0	40	37	62	149	6	0	390
Depreciation Charge for the Year	47	0	11	4	6	17	8	0	93
Impairment Losses	0	0	0	0	0	0	0	0	0
Disposals	(65)	0	(3)	(2)	0	(41)	0	0	(111)
Balance at 31 March 2011	78	0	48	39	68	125	14	0	372
Net Carrying Amount									
At 31 March 2009	149	0	79	8	11	26	950	7	1,230
At 31 March 2010	132	0	123	10	11	42	904	7	1,229
At 31 March 2011	160	0	82	12	11	35	896	7	1,203

14. Intangible Assets

Consolidated	Cutting Rights $000	Computer Software $000	Other Intangible Assets $000	Total $000	Parent	Computer Software $000
At Cost						
Balance at 1 April 2009	1,016	22	51	1,089		22
Additions	0	43	10	53		43
Disposals	(1,016)	0	0	(1,016)		0
Balance at 31 March 2010	0	65	61	126		65
Balance at 1 April 2010	0	65	61	126		65
Additions	0	25	0	25		25
Disposals	0	0	(10)	(10)		0
Balance at 31 March 2011	0	90	51	141		90
Accumulated Amortisation and Impairment						
Balance at 1 April 2009	666	16	49	731		16
Accumulated Amortisation and Impairment Losses	0	0	0	0		0
Disposals	(666)	0	0	(666)		0
Balance at 31 March 2010	0	16	49	65		16
Balance at 1 April 2010	0	16	49	65		16
Accumulated Amortisation and Impairment Losses	0	0	1	0		0
Disposals	0	0	0	1		0
Balance at 31 March 2011	0	16	50	66		16
Net Carrying Amount						
At 1 April 2009	350	6	2	358		6
At 31 March 2010	0	49	12	61		49
At 31 March 2011	0	74	1	75		74

15. Derivative Financial Instruments

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Current Asset/(Liability)				
Currency Option Contracts – Held for Trading	(152)	132	(152)	132
Interest Rate Swap Contracts – Cash Flow Hedge	151	166	151	166
	(1)	298	(1)	298
Non Current Asset/(Liability)				
Interest Rate Swap Contracts – Cash Flow Hedge	35	93	35	93
	35	93	35	93
Total Derivative financial Instruments	**34**	**391**	**34**	**391**

Derivatives are classified as fair value through profit and loss.

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 $152,000 (2010 $132,000 gain).

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 $5 million allowing Development West Coast to receive fixed rates of 7.79% and 8.55% and pay variable rates based on a margin of 0.25% and 3.60% above the BKBM bill rate. The BKBM bill rates at balance date for these contracts were 2.75% and 2.88%.

16. Trade and Other Payables

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Trade Payables	457	450	407	368
Employee Entitlements	69	95	69	94
Sundry Creditors	2,971	1,903	2,930	1,865
Carrying Amount of Trade and Other Payables	3,497	2,448	3,406	2,327
Current Liabilities	3,493	2,442	3,402	2,321
Non Current Liabilities	4	6	4	6
Carrying Amount of Trade and Other Payables	**3,497**	**2,448**	**3,406**	**2,327**

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.

17. Provisions

	Consolidated		Parent	
	2011 $000	2010 $000	2011 $000	2010 $000
Current				
Provision for Major District Initiative	1,312	1,246	1,312	1,246
Provision for Pike River Distribution Fund	1,000	0	1,000	0
	2,312	**1,246**	**2,312**	**1,246**

17.1. Unused Amounts Reversed

No unused amounts were reversed during 2010 or 2011 in respect of the Group. No unused amounts were reversed in the Parent in 2010 or 2011.

18. Cash Flow Statement Reconciliation

Reconciliation of Net Profit after Tax to Net Cash Flows from Operations	**Consolidated**		**Parent**	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Net profit/(Loss)	2,463	9,723	2,206	9,588
Adjustments for				
Depreciation	219	162	93	87
Accrual of Investment Commitment	(499)	0	(499)	0
Impairment/(Write Back) of Non-Current Assets	1	0	0	0
Impairment and Write–Off of Distribution Assets	411	140	714	1,004
Capitalised Distribution Asset Interest	(461)	(490)	(899)	(745)
Accrued Interest	(22)	(55)	(22)	(55)
Transfer from Investment to Accounts Receivable	0	0	0	523
Net (Profit)/Loss on Disposal of Property, Plant and Equipment	1	3	20	(21)
Net (Gain)/Loss on Disposal of Available-for-Sale Investments	0	0	0	0
Net Fair Value Change on Financial Instruments Valued at Fair Value	(4,079)	(8,677)	(4,079)	(8,677)
Total Adjustments	(4,429)	(8,917)	(4,672)	(7,884)
Changes in Assets and Liabilities				
(Increase)/Decrease in Inventories	68	60	0	0
(Increase)/Decrease in Trade and Other Receivables	416	(489)	(13)	(542)
(Decrease)/Increase in Trade and Other Payables	1,049	(590)	1,079	(500)
(Decrease)/Increase in Provisions	1,066	(1,626)	1,066	(1,626)
	2,599	(2,645)	2,132	(2,668)
Net Cash from Operating Activities	**633**	**(1,839)**	**(334)**	**(964)**

19. Restricted Capital

	Consolidated		**Parent**	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Restricted Capital	**89,325**	**79,325**	**89,325**	**79,325**

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:

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;
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
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 2009	79,325
Transfers to Distribution Fund	0
At 1 April 2010	79,325
Transfers to Distribution Fund	0
Transfer from Investment Fluctuation Reserve	10,000
At 31 March 2011	**89,325**

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

Trustees had previously transferred $10,000,000 of Initial Capital to an Investment Fluctuation Reserve. Trustees have now resolved to close the Investment Fluctuation Reserve and to transfer these funds back to Restricted Capital (see note 20.3 (d)).

20. Reserves

20.1. Movements in Reserves - Consolidated

Consolidated	Distribution Fund $000	Net Unrealised Gains Reserve $000	Cash Flow Hedge Reserve $000	Investment Fluctuation Reserve $000	Attributable to Parent $000	Non Controlling Interests $000	Total Reserves $000
At 1 April 2009	**12,747**	**(646)**	**291**	**10,000**	**22,392**	**(726)**	**21,666**
Net Gains/(Losses) on Available-for-Sale Investments		1,647			1,647		1,647
Net Surplus/(Loss) for the Year	9,943				9,943	(220)	9,723
Net Gains/(Losses) on Cash Flow Hedges			(32)		(32)		(32)
At 31 March 2010	**22,690**	**1,001**	**259**	**10,000**	**33,950**	**(946)**	**33,004**
Net Gains on Available-for-Sale Investments		801			801		801
Net Surplus/(Loss) for the Year	2,606				2,606	(143)	2,463
Transfer IFR to Restricted Capital				(10,000)	(10,000)		(10,000)
Acquisition of Non-Controlling Interest	(1,089)				(1,089)	1,089	0
Net Gains/(Losses) on Cash Flow Hedges			(73)		(73)		(73)
At 31 March 2011	**24,207**	**1,802**	**186**	**0**	**26,195**	**0**	**26,195**

20.2. Movements in Reserves - Parent

Parent	Distribution Fund $000	Net Unrealised Gains Reserve $000	Cash flow Hedge Reserve $000	Investment Fluctuation Reserve $000	Total $000
At 1 April 2009	**12,820**	**(646)**	**291**	**10,000**	**22,465**
Net Gains/(Losses) on Available-for-Sale Investments		1,647			1,647
Net Surplus/(Loss) for the Year	9,588				9,588
Net Gains on Cash Flow Hedges			(32)		(32)
At 31 March 2010	**22,408**	**1,001**	**259**	**10,000**	**33,668**
Net Gains/(Losses) on Available-for-Sale Investments		801			801
Net Surplus/(Loss) for the Year	2,206				2,206
Transfer IFR to Restricted Capital				(10,000)	(10,000)
Net Gains/(Losses) on Cash Flow Hedges			(73)		(73)
At 31 March 2011	**24,614**	**1,802**	**186**	**0**	**26,602**

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) Investment Fluctuation Reserve

This reserve was established by Trustees out of the Initial Capital. The Reserve was to be accessed to smooth income volatility intra-year although no more than $5 million can be transferred to the Distribution Fund in any one year. Trustees have resolved as part of preparing these financial statements to close the Investment Fluctuation Reserve and to transfer the funds to Restricted Capital.

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, make 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 2011	% Equity Interest 2010
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 Development Trust Research and Development Company Limited	New Zealand	n/a	100
West Coast Development Trust No.1 Limited	New Zealand	n/a	100
West Coast Snowflake Limited	New Zealand	100	100
Cranberries New Zealand Limited	New Zealand	100	50

22.2. Ultimate Controlling Entity

Development West Coast is the ultimate controlling entity.

22.3. Transactions with Related Parties

a) During the year, Development West Coast was repaid $616,388 (net of advances) by its subsidiary West Coast Development Holdings Limited (2010 $2,638,930 advance). As at 31 March 2011 $9,788,895 (2010 $10,405,283) was owing to Development West Coast. Interest is payable on this amount at rates of between 0% and 8% p.a. Development West Coast is the parent of West Coast Development Holdings Limited.

b) During the year, Development West Coast advanced $10,000 to its subsidiary Forever Beech Limited (2010 $786,088 repayment). As at 31 March 2011, Development West Coast had invested equity of $3,700,000 (2010 $3,700,000) and, including capitalised interest, had advanced $1,372,135 (2010 $1,362,135). Interest has ceased to be charged on this debt.

c) At 31 March 2011, Development West Coast was owed $148,102 (2010 $118,866) by West Coast Development Trust Land Co Limited, $7,785 (2010 $12,708) by West Coast Development Holdings Limited, $657.40 (2010 $nil) by Cranberries New Zealand Limited and $57,363 (2010 $37,133) by West Coast Snowflake Limited, for expenses paid by Development West Coast on these companies' behalf. West Coast Development Trust Land Co Limited, Cranberries New Zealand Limited and West Coast Snowflake 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 (2010 $18,355).

e) During the year Development West Coast purchased on normal commercial terms goods and services totalling $3,494 (2010 $6,034) from The Ashley Hotel. Mr Tony Williams, Chair of Development West Coast until November 2010, is the owner of The Ashley Hotel. At balance date Development West Coast owed $1,495 (2010 $868) to The Ashley Hotel. During the year Development West Coast purchased on normal commercial terms goods and services totalling $300 (2010 $nil) from Hokitika Airport Limited. Mr Bruce Smith, a Trustee of Development West Coast until October 2010, is a Director of Hokitika Airport Limited. During the year Development West Coast purchased on normal commercial terms goods and services totalling $11,731 (2010 $16,992) from Tai Poutini Polytechnic. Mr John Clayton, a Trustee of Development West Coast until October 2010, is a Council member of Tai Poutini Polytechnic.

f) During the year Development West Coast was repaid the sum of $262,434 (2010 $11,934 advance) to West Coast Snowflake Limited. As at 31 March 2011, $nil (2010 $262,434) was owing to Development West Coast by West Coast Snowflake Limited. No interest is charged on this advance. During the year West Coast Snowflake Limited leased property at Punakaiki from Development West Coast. The company paid Development West Coast rental of $8,000 (2010 $36,000). Development West Coast owns West Coast Development Holdings Limited, the parent of West Coast Snowflake Limited. The business at Punakaiki was subsequently sold to a third party and the lease was terminated on 31 May 2010

23. Commitments

23.1. Leasing Commitments

Operating Lease Commitments – as Lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2011 are as follows:

	Consolidated		Parent	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Within one year	67	79	67	79
After one year but not more than five years	1	65	1	65
Total Minimum Lease Payments	**68**	**144**	**68**	**144**

During the year ended 31 March 2011 $88,500 for the Group and $88,500 for the Parent were recognised as an operating lease expense in the Statement of Consolidated Income (Group 2010: $85,000, Parent 2010: $70,000).

23.2. Property, Plant and Equipment Commitments

Development West Coast and the Group had no contractual obligations to purchase plant and equipment at balance date (DWC 2010: nil; Group 2010: nil).

23.3. Future Distributions

At balance date, $5,000,021 (2010 $143,000) of the total funding approved by Trustees was either under consideration or was undrawn against the accepted facilities.

23.4. 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 $5,134,515 (2010 $4,924,000).

24. Contingencies

At 31 March 2011 (and 2010) Development West Coast had a contingent liability for Major District Initiative funding of $1.2million per annum subject to its financial performance and receipt of suitable applications.

The Group had no other contingent assets or liabilities at 31 March 2011.

25. Enquiries and Applications

For the financial year ending 31 March 2011, Development West Coast received 20 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2010-11	**Quantity**	**Value $000**
Total Applications Received	11	9,975
Advisory Body Recommended	9	7,026
Trustee Approved	7	6,870
CEO Approved under Delegated Authority	3	161
Offers under Consideration by Applicants	1	5,000
Offers Lapsed or Declined by Applicants	0	0
Applications Withdrawn	0	0
Applications in Progress	1	3,000
Approved and Accepted by Client		
Aviators Café		100
Bakers Creek Automotive		5
Bakers Creek Orchard		76
Beauty for the Coast		80
Cranberries New Zealand		390
Growestcoast		20
Growestcoast		260
Punakaiki Visitor Centre Ltd		500
West Coast Theatre Trust		600

26. Events after Balance Date

Subsequent to balance date West Coast Snowflake Limited, part of the Group, entered into a sale and purchase agreement to purchase all the business and assets of Waiho Limited trading as the Franz Josef Top Ten Holiday Park. The transaction settled in May 2011.

Subsequent to balance date the Trustees of Development West Coast, the ultimate owner and funder of Cranberries New Zealand, resolved that the operations of the company should cease and the assets realised. Cranberries New Zealand is no longer considered to be a going concern.

27. Auditors' Remuneration

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

	Consolidated		**Parent**	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Amounts received or due and receivable by Audit New Zealand for:				
Audit of the Financial Statements 2011	108,947	0	75,198	0
Audit of the Financial Statements 2010	548	111,495	547	72,145
Audit of the Financial Statements 2009	0	2,761	0	0
Audit of the Transition to NZIFRS	0	(17,117)	0	(17,117)
	109,495	**97,139**	**75,745**	**55,028**

28. Associated Entities

Development West Coast has the ability to appoint Trustees to Tourism West Coast Incorporated and the Denniston Heritage Charitable Trust. The trustees appointed by Development West Coast have between 20% to 50% of the voting rights to both these entities.

Development West Coast does make distributions to both entities for operational purposes but does not have any rights to any distributions from either entity. Therefore no income, expenses or assets are recognised in respect of these investments.

Development West Coast

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