

INNOVATION & DIVERSIFICATION
- embracing the future

GROUP ANNUAL REPORT | 2014



*Development
West Coast*

Key Numbers & Highlights

	DWC (Parent)	Group (Consolidated)
TOTAL INCOME <i>(including Mark-to-Market Unrealised Gains/Losses)</i>	\$8.6m	\$9.0m
TOTAL OPERATING EXPENSES	\$2.4m	\$2.6m
PROFIT/(LOSS) BEFORE COMMUNITY FUNDING <i>Includes Mark-to-Market Unrealised Gains & Losses</i>	\$6.2m	\$6.3m
COMMUNITY DISTRIBUTIONS	\$3.0m	\$3.0m
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$1.3m	\$1.5m
TOTAL ASSETS	\$121m	\$120m
EQUITY	\$105m	\$104m
TOTAL REALISED REVENUE GENERATED SINCE 2001	\$112m	

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West Coast Key Economic Indicators

\$ 1.26bn
GDP 2012

15,560
FTE'S EMPLOYED

\$ 1.5bn
GDP 2013

+ **2.1%** (NZ 1.5%)
EMPLOYMENT GROWTH OVER
10 YEARS

+ **33.4%**
WEST COAST GDP GROWTH
OVER 5 YEARS

88%
OF PEOPLE FEELING
SATISFIED OR VERY SATISFIED
WITH THEIR LIVES

\$ 46,973 (NZ \$47,532)
GDP PER CAPITA 2013

9.3% (NZ 3%)
INTERNATIONAL TOURISM
EXPENDITURE AS SHARE OF
REGION'S GDP

Regional Profile

THE WEST COAST REGION EXPERIENCED high employment growth over the last decade and strong GDP growth over the last 5 years. From 2008-13, the West Coast's GDP increased 33.4%, significantly higher than the national movement of 24.5%.

The region's main comparative advantages lie in mining and dairy, which together account for 12.2% of all employment. Statistics show the region's fastest growing industries in the last ten years have been tertiary education, health services and coal and metal ore mining. In 2012 agriculture was the largest industry, followed by coal mining, heavy and civil engineering construction and accommodation.

A large proportion of the labour force is employed in tourism related industries, and international tourism expenditure amounted to 9.3% of the regional GDP, the second highest of any region in New Zealand. The West Coast also has the greatest area of land protected as public conservation land which directly supports economic activity in tourism equivalent to \$136m per annum. In the year ended June 2013 the West Coast was the fifth most visited place in New Zealand by international holiday tourists.

Despite the positive long term growth, the region's GDP growth fell in 2013 as world commodity prices began to have an impact on its main industries.

As one of New Zealand's smallest and least diverse economies, the West Coast is vulnerable to industry and external shocks. Economic development opportunities for the West Coast region rest on developing and leveraging its natural resources and existing strengths to develop higher value-added businesses.

Economic Indicators

In 2013 DWC published the West Coast of NZ Economic Indicators Profile. The profile provides a compilation of the most up-to-date statistical information for the region based largely on research and analysis by BERL Economics and also the NZIER, Statistics New Zealand and banking sector reports.

The profile looks at all aspects of the region's economy including how the Coast ranks in areas like education, health and lifestyle. It brings the data together in one publication which DWC believes will be informative and useful for West Coast businesses and industries.

The document will help quantify DWC's vision that "by 2023 the West Coast will be a more attractive region to live, work, invest and visit".



Directory

Trustees

Sturgeon, Mr J	CHAIR
Smith, Mr C	DEPUTY CHAIR
Buchanan, Mr R	
Dooley, Mr F	CHAIR - INVESTMENT COMMITTEE
Jones, Mr E	(TO OCTOBER 2013)
Little, Mr H	(FROM OCTOBER 2013)
Lockington, Mr M	CHAIR - FINANCE & AUDIT COMMITTEE
Rasmussen, Mrs H	(TO OCTOBER 2013)
Tumahai, Mr F	(FROM NOVEMBER 2013)

Executives

Thomas, Mr J	CHIEF EXECUTIVE (FROM MARCH 2014)
Chang, Dr J	CHIEF EXECUTIVE (TO NOVEMBER 2013)
Dawson, Mr M	CHIEF FINANCIAL OFFICER
Gilbertson, Mr W	CHIEF OPERATING OFFICER

Registered Office

1st Floor, 112 Mackay Street, P O Box 451, Greymouth

Advisory Body

Rushbrook, Mr K	CHAIR
Bestwick, Ms J	(FROM 1 JULY 2013)
Cox, Mr G	(TO 30 JUNE 2013)
Steele, Mr D	

Investment Advisors

Bancorp Treasury Services Ltd
JBWere (NZ) Ltd

Legal Advisors

Buddle Findlay
Duncan Cotterill
Hannan & Seddon

Tax

KPMG

Bankers

Westpac

Auditors

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

Chairman's Report

TRUSTEES ARE PROUD TO PRESENT the Annual Report of Development West Coast and Group for the year ended 31 March 2014. Group Total Assets have decreased from \$120.1m in 2013 to \$119.5m in 2014 after all relevant expenses and adjustments. DWC has continued to build on the foundations set in previous years and strengthen its ability to help make the West Coast a vibrant and successful region.

The DWC team has worked with a number of West Coast businesses throughout the year, assisting businesses with survival, turnaround or growth strategies. Often businesses have all the ingredients to be successful but they just need a helping hand, some guidance and professional independent advice to help them set priorities and develop a plan to stabilise, improve, diversify and/or grow.

In this Annual Report you will be introduced to some exciting businesses, community projects and initiatives that are being facilitated and supported by DWC. These are great examples of the success that can be achieved by working together in the interests of the West Coast Region.

During the 2014 financial year, the West Coast experienced job losses and negative announcements as some entities in the mining industry made further adjustments in pursuit of commercial viability with coal prices remaining at low levels. On the other hand, dairy has continued to develop and grow and this was confirmed with Westland Milk Products' announcement that they were investing \$102m in a new drier to be built in Hokitika. Tourism has experienced a positive upturn, and our local engineering and manufacturing businesses have worked hard to maintain delivery of high quality products.

West Coasters are resilient and hardened to dealing with difficult and challenging times; we've been here before. It will take time to address some of the challenges the region faces. DWC is part of the solution, but doesn't have all the resources or answers. It will take a coordinated effort by all key stakeholders to support a recovery strategy for the West Coast region. DWC looks forward to being part of this process.

I wish to thank my fellow Trustees for their valued contribution during the year. They have provided great support and guidance during some often challenging times. The Board has acted prudently and responsibly in executing their duties and responsibilities as Trustees but, just as importantly, they have remained focussed on achieving the best possible outcomes for the West Coast region. I wish to particularly thank Colin Smith, my Deputy Chair, for his support.

During the year we farewelled our Tangata Whenua Trustee Helen Rasmussen and Westland Elected Trustee Evan Jones

who served out their respective terms as Trustees of DWC. Our sincere thanks to Helen and Evan for their dedication, and especially to Helen who travelled from Haast to attend our meetings in Greymouth. Helen and Evan have been ably replaced by Francois Tumahai and Hugh Little respectively and we look forward to working with them.

I also acknowledge and thank our Advisory Body members, Keith Rushbrook (Chair), Jenn Bestwick and David Steele. Our Advisory Body provides a valued and necessary level of independent consideration and advice on applications and projects presented to DWC. The Board appreciates the commitment demonstrated by the Advisory Body and their dedication towards the well-being of the West Coast community.

During the year our Chief Executive of 5 years, Dr John Chang, tendered his resignation which was received and accepted with regret. John brought a highly respected set of skills to DWC and he made excellent progress with operational improvements and various development initiatives. I would like to thank John for his contribution and support during his term as CEO and we wish John, Suzana and family all the very best for their future endeavours.

The Board was pleased to appoint Joseph Thomas to the position of CEO which he took up on 10 March 2014. We welcome Joseph to the team and we look forward to working with and supporting him in his role as CEO. Joseph and his wife Shelly will be permanently based on the Coast while their children, Jake and Kristie-Lee, will remain in Christchurch to complete their tertiary studies.

Finally, on behalf of my fellow Trustees, I would like to acknowledge the efforts of the operational team for another successful year and their on-going dedication to the organisation.



John Sturgeon ONZM, MBE
Chairman

Trustees



Back Row - Frank Dooley, Robert Buchanan, Joseph Thomas (CEO), Francois Tumahai, Hugh Little.
Front Row - Mark Lockington, John Sturgeon (Chair), Colin Smith (Deputy Chair).

NEW CEO

Joseph Thomas

Joseph joined DWC in March 2014.

Of Ngati Mutunga descent, Joseph brings a diverse set of skills to DWC. Prior to DWC, he was CEO of the New Zealand Institute of Management Southern Inc (NZIM) based in Christchurch, a role that saw him work with West Coast businesses to build leadership and management capability. NZIM continues to be a gold sponsor of the West Coast Leading Light Business Excellence Awards.

His previous roles have included Senior Business Consultant at Polson Higgs, CEO of the Chatham Islands Enterprise Trust and, prior to tertiary studies, he was skipper of a cray fishing vessel based in the Chatham Islands.

Joseph holds several governance roles, including Trustee of the Ngati Mutunga o Wharekauri Iwi Trust (NMOW), Chair of the NMOW Asset Holding Company, and a Ministerial appointment to the West Coast District Health Board. He recently retired as a Trustee of The Canterbury Community Trust and has extensive previous governance experience in infrastructure (airport, seaport, electricity), forestry, fishing and local government.

Joseph is a Chartered Accountant and an Associate Fellow of The New Zealand Institute of Management. He has a Bachelor of Management Studies with a double major in accounting and economics from Waikato University.

John Sturgeon ONZM, MBE – Chairman

Council Appointee

John was initially appointed in November 2010 and reappointed for a further term in 2012.

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

Colin Smith – Deputy Chair

Elected – Grey District

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

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

Robert Buchanan

Independent – NZ Law Society

Robert was initially appointed in 2009, and reappointed in 2012.

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

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

Frank Dooley

Elected – Buller District

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

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

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

Hugh Little

Elected – Westland District

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

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

Mark Lockington

Independent – NZ Institute of Chartered Accountants

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

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

Francois Tumahai

Tangata Whenua Appointed Trustee

Francois was newly appointed in 2013.

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

Francois project managed Ngati Waewae's marae development over the last five years with the \$5m facility due to open in November 2014.

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

DWC's Strategy for the Region

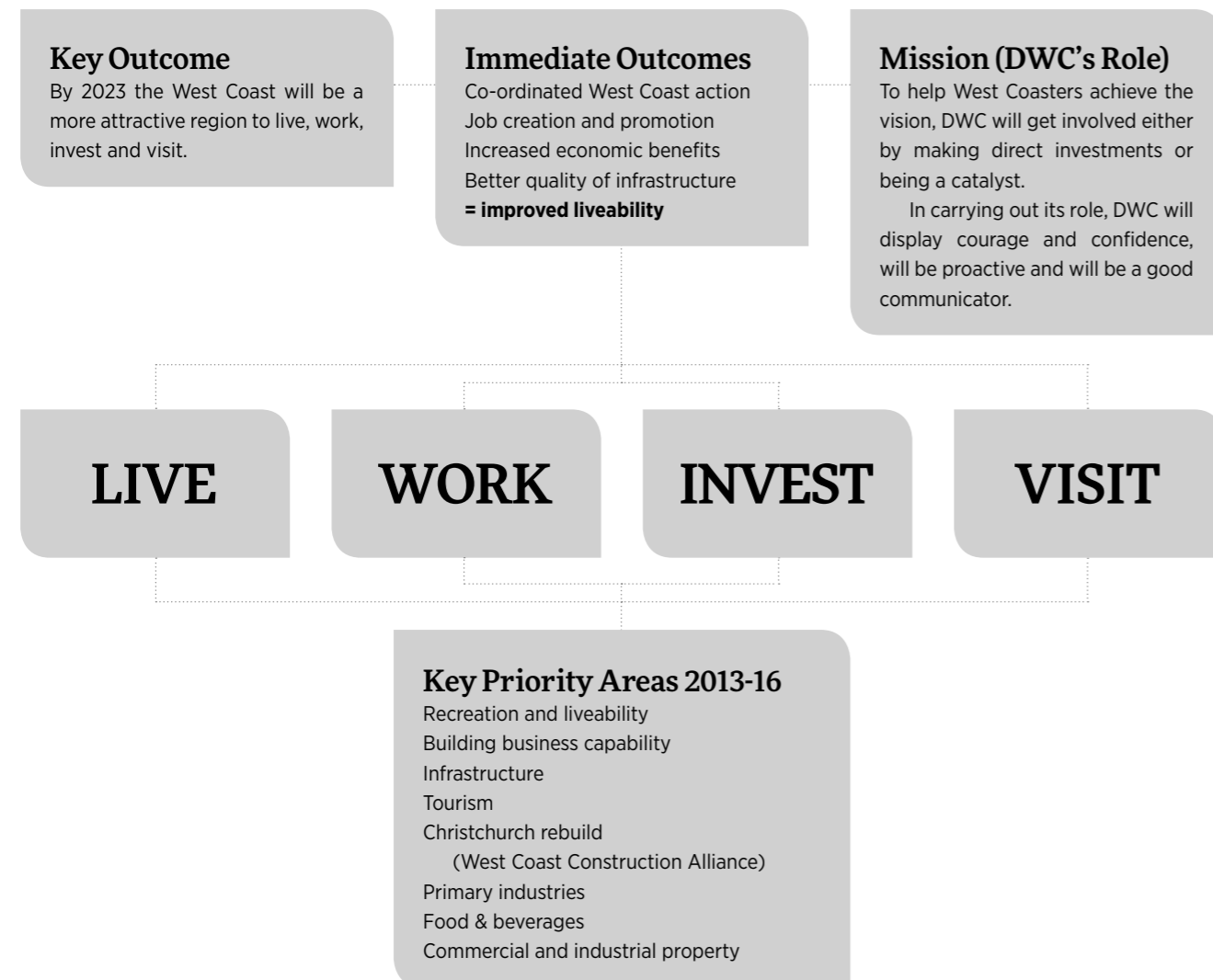
IN 2012 TRUSTEES DEVELOPED THEIR strategy for the West Coast region with their vision that by 2023 the West Coast will be a more attractive region to live, work, invest and visit.

The Strategy is a 10 year plan through to 2023, and from this a 3 year plan is developed identifying strategic priorities and outcomes for the region which is overviewed below.

Initiatives relevant and aligned to key priority areas included projects such as the West Coast Construction Alliance, Leadership & Governance Programmes, and a particular focus on building business capability.

With the changing economic climate, DWC is keeping the strategic priorities under review to ensure they are relevant and aligned to current needs. In conjunction with this, DWC is also working with the West Coast Councils to develop and implement a regional economic development strategy, which is being facilitated by the West Coast Regional Council. In conjunction with this, DWC is engaging and partnering with key stakeholders to ensure strategic alignment in the best interests of the region.

True regional development takes time to ensure long-term sustainable outcomes are achieved and will require a collaborative approach and commitment by DWC and key stakeholders.



Investments

Investment Review

DWC's Investment Fund performed soundly in the year ended 31 March 2014. Equity markets were generally strong with New Zealand in particular recording excellent returns of circa 18.5%. Although international markets were also strong, the gains from these investments were constrained by the effect of a strong New Zealand dollar.

A "rebalance" of equity investments through the year saw some losses crystallised as funds were moved to shares that are expected to give greater returns in the future. This had the effect of reducing the gains actually banked by DWC, but did not affect the bottom line as the valuations move from unrealised to realised.

At the start of the financial year DWC had 43% of its Investment Fund in equity (or growth) assets. During the year DWC increased its exposure to these investments and was at 49% by March 2014.

Fixed interest investments fell in value during the year but as DWC's policy is to hold bonds until maturity, the valuation movements only affect DWC's equity position. These movements in value are reported in "Other Comprehensive Income".

JBWere and Bancorp Treasury Services Limited are DWC's Investment Advisors.

SIPO

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

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

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

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

Chief Executive's Report

Overview

Development West Coast has been a key part of the West Coast community since it was established in 2001. Its core functions are to promote sustainable employment and generate economic benefits for the region.

As at 31 March 2014 DWC continues to hold total assets of \$121m. Of this, \$105.9m is held in cash, fixed interest, bonds and equities. This is managed prudently to provide income with which to fund operations and distributions whilst also, where possible and appropriate, providing for inflation proofing and capital growth.

The DWC team has continued to work with West Coast businesses to understand their often unique challenges, needs and opportunities. This provides valuable information to assist DWC with identifying key priorities for businesses, the community and the West Coast region so we can align our service delivery to current needs.

The Regional Business Partnership programme continues to deliver very successful and positive outcomes. A number of West Coast businesses have benefited from building the capability of their team or receiving external independent guidance and advice, and this has assisted them in reviewing their business and planning for the future.

Our regular networking events have continued to attract great interest and participation. It's great to see local business owners and managers interacting, sharing ideas and gathering information during these interactive sessions.

Financial Performance

The financial result for the year ended 31 March 2014 was pleasing. DWC had total income of \$8.6m (including both realised and unrealised revenue) and a profit before Community Distributions of \$6.2m. DWC invested \$3m in Community Distributions and Projects, and is reporting a net surplus of \$3.3m and Total Comprehensive Income of \$1.3m.

Total realised revenue generated since 2001 now stands at \$112.2m. The strength of DWC's balance sheet provides a sound base from which to pursue the objects of the Trust Deed.

Looking Forward

Central to DWC's strategy for developing the West Coast region is that DWC will continue to work closely with partner organisations and agencies that we consider to be critical to the future success of our businesses and advancement of the regional economy. The key will be to, where possible, pursue opportunities to diversify sectors & industries, to add value and be innovative. In times like the current economic climate our region needs to invest in building the capability of its people and communities, increase skill sets through training and higher education and undertake research & development to facilitate innovation and fresh thinking.

Key strategic priorities for DWC going forward include:

- Pursuing financial sustainability through effective management of the Investment Fund
- Enhancing business services to meet the changing needs of West Coast businesses
- Pursuing successful commercial distribution opportunities
- Investing in research & development.

DWC will achieve greater outcomes by:

- Being a catalyst, enabler, facilitator, and connector
- Expanding and building relationships with key strategic stakeholders
- Working closely with West Coast businesses and local & central government
- Undertaking further community engagement.

The recovery of the West Coast region will take time. True sustainable regional development will require sound planning, investment and resourcing.

DWC has an important role to play in developing a sustainable future and we look forward to working with key strategic partners to achieve greater outcomes for the West Coast region.

Acknowledgements

I thank our Chair, Mr John Sturgeon, for maintaining stability during a period of change. John has demonstrated a commitment beyond what would normally be expected of a Chair. I would like to personally thank John for his support and guidance during my

transition into the role of CEO and I look forward to working with him going forward.

My thanks to the Board of Trustees who remain committed to achieving positive outcomes for the West Coast region. Thank you also to our Advisory Body members for sharing their expertise, knowledge and networks; your guidance and advice is appreciated.

My predecessor, John Chang, left the organisation in a sound financial and operational state with potential for further development. Thank you, John, for your commitment and dedication to DWC and the West Coast community during your term as CEO.

We often require professional and technical advice to support our decision making and have been well supported by our external advisors and partners.

To our executive team and staff members, thank you for all you have done to ensure DWC remains relevant in terms of meeting the needs of West Coast businesses and the community. Your efforts are valued and make a difference for both the organisation and the region.



Joseph Thomas
Chief Executive Officer

Business Support

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

Highlights for the Year

- Distributed \$47,733 of Capability Vouchers through NZTE's Regional Business Partner programme
- 107 registered businesses under the Regional Business Partner programme
- Over 200 attendees at business breakfast meetings
- 50 business clients utilising BIZ Mentors
- Over 700 businesses registered with DWC for a range of services
- \$107,957 worth of R&D projects supported through Callaghan Innovation Funding, with each of the individual R&D projects receiving funding of between 30%-50% of their project costs.

Commercial Finance

Over the past 5 years DWC's approach to its Distribution function (commercial financing) has changed significantly. From 2001 to 2010 the number of applications received averaged 22 per year. The last four years has seen a reduction of this to circa 7 applications per year.

This reduction is not a negative indicator but rather a direct result of DWC placing greater emphasis on working closely with businesses to take a broader look at their overall needs. It is often the case that a business seeking finance has broader issues than their financial constraints.

Being able to sit down with a business owner and discuss their plans, issues and needs often identifies ways in which the business can progress without necessarily having to borrow money. As such, business finance is now treated as another tool in DWC's "Business Toolbox" rather than in isolation to the other services DWC provides.

DWC does not provide advice to businesses when undertaking any of its business support functions but rather can provide access to the appropriate advice or services needed for the business.

CASE STUDY

CYB Construction

DWC has been working with CYB Construction Ltd since August 2013 on the development of re-locatable housing units. Initially DWC worked with company management on market analysis and then provided support as they developed the project concept.

DWC provided a loan of \$50,000 to fund the development of the first two demonstration housing units. CYB Construction Ltd has invested in a marketing and branding process, established a new company to represent the product and engaged local designers to create marketing material. CYB is currently waiting for a MultiProof approval, in essence a "super" building consent, which will allow them to get consent for a standardised building design.

The "Nano House" units include componentry from at least six other regional businesses and as such represent a business growth opportunity for them all and on-going employment opportunities on the West Coast.



Regional Business Partner Network

As a Regional Business Partner provider, DWC facilitates access to business advice, research and development funding and subsidised training. The programme is administered by New Zealand Trade & Enterprise (NZTE) and Callaghan Innovation. Training ranges from NZIM courses to one-on-one business coaching in areas such as business sustainability, financial management, leadership skills and export potential.

Business Networking

The business breakfasts organised by DWC continue to be widely supported by the West Coast business community.

The breakfasts are usually held monthly in Greymouth or Hokitika and attract an average of 30-35 business people to hear a variety of speakers and network with other business people. Highlights this financial year have included talks from John Walley, CEO of the New Zealand Manufacturers' and Exporters' Association and Barry Bragg, Chair of Ngai Tahu Properties Ltd.

Chair of the West Coast Timber Association, Peter Anisy, is a regular attendee and says the breakfasts are a great forum for meeting local business people.

"The quality of speakers is very good and that is why we have continued to support them. We might not ask a lot of questions but we take what they have to say on board and use the information later on," he says.

DWC also supports business networking breakfasts held by the Buller District Council by promoting and attending them.

Business Mentoring and Coaching

Twenty nine West Coast businesses are now registered with Business Mentors New Zealand. The mentoring programme facilitated by DWC on the West Coast, provides independent and confidential advice to businesses from local and South Island based mentors.

DWC is also able to offer high-level business coaching through the Regional Business Partner network. DWC Business Support Manager Nelia Heersink says businesses that are utilising the business coaching have really accelerated. "It is wonderful to see the number of businesses using the mentoring and coaching facilities increase. We have seen these businesses expand and grow," she says.

CASE STUDY

Aquapole

A simple valve is opening up export markets for West Coast shower company Aquapole.

Owned by Hokitika men Duncan Hamilton and Barry Godfrey, Aquapole manufactures unique high-end indoor and outdoor shower systems, perfect for designer bathrooms.

At 2.5 metres long it was not previously easy or cost effective to export the shower systems so the company designed a valve which enables the shower to be easily broken down for transport to export markets.

Duncan says with the help of DWC's Regional Business Partner network they were able to access funding to make a prototype. "We had the concept and drew up the design and then DWC put us in touch with Callaghan Innovation who gave us the go-ahead to make the prototypes and funded 40% of the cost," he says.

"It helped us in two ways. Firstly there was the monetary factor, but then to access the funding we had to carry out some research and come up with a business case and this has helped us sharpen up our act."

Since developing the valve Aquapole has already sold 20 of the new model in the Australian market. Duncan says the valve means the showers can now be put together anywhere and with DWC also helping the business find someone to assist with marketing they are feeling positive about the future.



CASE STUDY

Business coach key to success

While listening to Donald Trump's tax advisor at a Sydney marketing seminar, Kate Riley, co-owner of Riley Build and the West Coast Wine Company, had a light-bulb moment.

She realised all successful business people had professionals who guided and mentored them so when she returned to Hokitika she contacted DWC.

DWC put Kate in touch with business coach Leigh Paulden and she was eligible for a 50% subsidy for business coaching through the Regional Business Partner network.

"I am his poorest, smallest client," laughs Kate, "but I wouldn't be doing what I am doing without him - not because he tells me what to do but because he re-programmes how I think about things. He makes sure I always have our core goals in mind".

Kate owns Riley Build with her husband, Mark-John. The building company won last year's Service Award in the West Coast Leading Light Business Excellence Awards. 2013 was a big year for the couple as they also purchased Hokitika's West Coast Wine Bar in addition to their holiday rental business, West Coast Accommodation.

Kate is enthusiastic about the help DWC can give businesses. "DWC has been fantastic. Nelia is good at putting you in touch with the right people and you can't put a price on that."



Supporting West Coast Industries

Cranley Farms Limited

Cranley Farms Ltd (CFL) is a dairy farm development in the Arahura Valley, north of Hokitika. In May 2011 DWC distributed funds to its subsidiary, West Coast Development Holdings Limited (Holdings), to enable Holdings to make an investment in CFL. The distribution of \$5m, a mixture of debt and equity, is DWC's largest one-off investment. Holdings owns 43% of CFL.

When DWC made the distribution the existing CFL shareholders were over halfway through a planned conversion. 550 hectares had been turned from scrub into productive milking platform, 1,250 cows in two herds were being milked in a new dairy shed and staff accommodation had been built.

The distribution funding enabled CFL to convert a further 150 hectares into productive land. A second dairy shed was built, staff accommodation purchased and a third herd introduced.

At the end of the 2014 season CFL employed 12 staff and was milking over 1,600 cows producing 633,000kgMS; just under its target of 645,000kgMS. For the 2016 season CFL is forecasting to milk 1,850 cows and produce 700,000kgMS. CFL's governance, management and staff have successfully completed a significant dairy farm conversion and Trustees congratulate them on this achievement.

The time since DWC's investment has not been without its challenges. The 2013 drought was a difficult time for CFL as it attempted to ramp up production. DWC initially had a 5 year plan to exit the investment but it is possible that plan will be revised. However, DWC is very pleased that the development has met all the objectives Trustees set in 2011, creating productive land, increasing direct employment on the farm and promoting positive downstream effects with increased supply to Westland Milk Products.

Holdings continues to closely monitor CFL, including having a governance role on the CFL board. The farm managers also provide regular reports to DWC management as they work toward agreed targets and KPIs.



Tourism West Coast

Tourism is a significant contributor to the West Coast economy with over 2,300 FTE's employed as at 31 March 2014.

The year to 31 March 2014 ended on a positive note with overall guest nights increasing 2.8% compared to the year before. The number of international tourists to the West Coast was also on the rise with international guest nights rising by 7.8%, and Lonely Planet ranked the West Coast in the top ten regions in the world to visit in 2014.

DWC supports Tourism West Coast with an annual contribution of \$86,000, and also appoints a member to the Board. DWC's current appointment is Margaret Grant of Westport.



West Coast Construction Alliance

The West Coast Construction Alliance (WCCA) was established in 2013 through an initiative of DWC to bring the West Coast's construction, engineering and manufacturing businesses together to better enable them to attract and retain work on the West Coast and maximise opportunities available to them through circumstances such as the Canterbury Rebuild.

The WCCA meets monthly with founding members working together to give a unified regional business profile. In the past year, the WCCA has developed a code of ethics, and gained an insight into the capabilities of each of the member businesses.

The WCCA provides the opportunity to attract work to the region by portraying a collective regional face at trade and other events such as Chamber of Commerce meetings in Canterbury. It also aims to keep work local by way of mutual support and contracting, and offering collaborative health and safety and Site Safe training.

DWC continues to facilitate meetings, provide secretariat services, make introductions to industry contacts, and be a guiding hand throughout the WCCA's formation.

Leadership & Governance Programme

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

The intensive 15 month programme has been developed by Westlake Governance and New Zealand Institute of Management. Participants study a range of subjects including financials, company and contract law, statutory requirements, identifying and managing key risks, health & safety and ethical standards.

Thirteen participants are taking part in the third programme which commenced in 2014, while 25 participants have graduated from the first two programmes. Many of the graduates are actively involved on various governance boards throughout the region.

Participant Steven May from Grey District Council says the opportunity to have such a high quality programme on the West Coast is fantastic.



2013 Leadership and Governance Graduates (L to R) Bede O'Connor, Gareth Allen, Mel Sutherland, Chris Rea, Emily Craddock, Kirsty Robertson, Quecha Horning, Judi Brennan, Stephen Lowe, Troy Scanlon, Hayden Kendrick, Suvi van Smith and Hadleigh Smith.

"The experience of meeting other people wanting to develop their governance skill-set has been really refreshing. We are all like-minded and wanting to learn from the experts and each other," he says.

Minerals West Coast

DWC supports Minerals West Coast as it continues to promote and support the West Coast Minerals industry.

Despite challenging times given global mineral prices, 2013's West Coast Minerals Forum was a highlight of the year. 287 participants representing the majority of New Zealand's mining companies attended the two-day forum at Shantytown. This annual forum continues to have relevance to the industry and has grown from its inaugural meeting in 2005 when 30 miners attended.

Minerals West Coast has also been busy advocating for many of the smaller mining companies after the Royal Commission into the Pike River Mine Tragedy made recommendations to improve safety in the industry.



West Coast Minerals Forum "speed dating" networking event

West Coast Leading Light Business Excellence Awards



THE 3RD WEST COAST LEADING Light Business Excellence Awards were held in October 2013 and were a wonderful celebration of business excellence on the West Coast.

E-Quip Engineering took out the Greymouth Star Super Nova Award along with the Crombie Lockwood Leading Light Trades/Manufacturing/Primary Producer Award, building on its success from 2012 when it won the Construction / Engineering / Manufacturing Award.

The judges commented that the company demonstrated it had the ability to move with the market and understood its niche markets, which was proven by the growth and diversity of the business.

The 2013 Awards saw a streamlined entry process and new award categories, including Rising Star and Innovation Awards. Separate categories for small and large businesses were also introduced and proved to be popular.



Winners of the 2013 West Coast Leading Light Business Excellence Awards

Duncan Cotterill - Leading Light Enterprise 30+ Award

WestReef Services Ltd, Westport

PWC - Leading Light Retail Award

Greymouth Showcase Jewellers, Greymouth

NZIM Southern - Leading Light Service Award

Riley Build, Hokitika

Crombie Lockwood - Leading Light Trades/Manufacturing/Primary Producer Award

E-Quip Engineering Ltd, Greymouth

Tourism West Coast - Leading Light Tourism Award

West Coast Wildlife Centre, Franz Josef Glacier

Westland Milk Products - Leading Light Community/Charitable Organisation Award

West Coast Riding for the Disabled, Hokitika

ACC - Leading Light Workplace Health and Safety Award

MBC Contracting Ltd, Westport

Hairy Lemon and The I.T. Team - Leading Light Innovation Award

MBC Contracting Ltd, Westport

Radio Network - Leading Light Rising Star Award

West Coast Wildlife Centre, Franz Josef Glacier

Greymouth Star - Leading Light Super Nova Award

E-Quip Engineering Ltd, Greymouth



CASE STUDY

MBC goes on to Win National Business Award

Winning both the Health & Safety and Innovation categories at the 2013 West Coast Leading Light Business Excellence Awards gave Buller company, MBC, the confidence to enter and win a nationwide award.

The environmental solutions company was asked to enter the NZ Workplace Health and Safety Awards and in May 2014 won the Site Safe Award for Best Health & Safety Initiative by a Small Business.

MBC took the honour for developing its own two-day training course on health and safety leadership and communications rather than relying on generic training programmes.

MBC's Health and Safety Manager Morgan Newburry says it was exciting and humbling to receive the award at a gala dinner at Auckland's Sky City Convention Centre.

"It was definitely a proud moment, exciting for the whole team, and it was great to represent the West Coast. Our company is all about our people out in the field and the win was a reflection on them and their hard work and expertise," he says.

"We come from a background of pest and weed control and have transformed ourselves into a multi-service company. The West Coast win gave us a bit of context and confidence to enter the national awards".

Now in their tenth year, the NZ Workplace Health and Safety Awards are judged by a five-strong panel representing WorkSafe, ACC, NZ Council of Trade Unions, Safeguard and an industry health & safety practitioner.



Community Support

Community Governance

Building on the success of the commercially focussed West Coast Leadership and Governance programme, DWC has now started developing a similar programme targeted at the community level.

DWC facilitated discussions with a cross section of people from various organisations and some common themes emerged:

- A relatively small group of people tend to serve on multiple committees and boards;
- Many board members are over 50 years of age, and this will create implications in the next decade
- A lack of financial, leadership and chairing skills; and
- Limited constitutions and charters.

In response to this, DWC is developing two programmes to increase community governance skills on the West Coast. The first will be a “generic” programme aimed at people in community groups with minimal understanding of good governance while the second “tailored” programme will focus on individual organisations.

The Community Governance programme is fully consistent with DWC’s strategy of ‘investing in capability’ for the Coast’s longer term future. People who start on community boards can grow and add increasing value to many organisations over the course of their career and DWC wants to invest in building the skills and capability of these people.

MRI Funding

In 2005 DWC launched the West Coast Tourism Major Regional Initiative (MRI) with the aim of building a world class tourism industry on the West Coast. DWC provided \$2.5m and leveraged a further \$2m from NZTE.

The project assisted 16 tourism projects from Karamea to Haast and produced reports including Destination Management Plans and Issues and Options reports for major tourism areas on the West Coast. These reports are still relevant and available to interested groups.

Most projects were completed by June 2009. Five years on the MRI funding continues to provide a foundation for community groups and tourism bodies to enhance tourism initiatives in their area.



Pike River Distribution Fund

Development West Coast Mines Rescue Training Centre

In the wake of the 2010 Pike River Mine tragedy, DWC donated \$1 million to a Pike River Distribution Fund. Fund administrators allocated the money to the Mines Rescue Trust to establish a multi-purpose training facility at Rapahoe, which was opened in November 2013.

The 350m² building includes three seminar rooms and office space as well as an underground training tunnel that allows for real life simulated training in limited visibility environments.

The training centre will enable the Mines Rescue Trust to continue to provide high quality training in both underground and surface extraction. The training facility is also available to other industries, while the meeting rooms can be used by any businesses or community groups.

CASE STUDY

Denniston Plateau Historic Area

Visitor numbers to the Denniston Plateau Historic Area have increased steadily since MRI funding helped bring the mining history of Denniston’s misty hilltop back to life.

The MRI was a catalyst to the formation of the Denniston Heritage Charitable Trust (the Trust) which brought together agencies including Friends of the Hill Trust, Buller District Council, Department of Conservation, Solid Energy New Zealand Limited and Development West Coast.

As a result of the collaboration The Denniston Experience tourist attraction opened with an underground mine, restored historic areas and erected interpretation panels. A literary trail and smart phone app was also launched to bring to life the fictional story of the Denniston Rose, Jenny Patrick’s bestselling book about life in the mining settlement in the 1880’s.

The Denniston Plateau Historic area is now one of the West Coast’s leading tourist attractions. When the Trust was formed visitor numbers were 3,000-



5,000 a year and are now 27,000 a year and growing.

The Department of Conservation (DOC) leads the Trust’s work and Bob Dickson, DOC’s Buller Conservation Services Manager, says the area continues to receive very positive reviews.

“Without the MRI funding I doubt we would have got this off the ground. The collective strength came from the agencies getting together and having a shared vision. We also drew on a bundle of smaller agencies and local businesses who have all contributed to the success,” he says.

The Trust is continuing to enhance the heritage area so visitors can gain a better understanding of life on the hill. There are plans to use \$500,000 from the Bathurst Resources Ltd compensation for the escarpment mine on the Denniston Plateau to restore parts of Conns Creek at the foot of the incline and the Burnett’s Face and Coalbrookdale settlements.

In 2009 the Trust won the Rail Heritage Trust Restoration Award for the Denniston Brakehead, and in 2012 they received a commendation – Excellence in Parks Award – Cultural at the International Parks Forum.

CASE STUDY

Oparara Valley

The Oparara Valley continues to be the premium visitor attraction in the northern Buller region.

The Oparara Valley Project Trust (the Trust), comprising a group of enthusiastic locals, was formed in 2002 to upgrade facilities and enhance tracks in the area. Trust Chair, Rosalie Sampson, says the formation of the MRI helped get the six-year, \$3.2 million project off the ground.

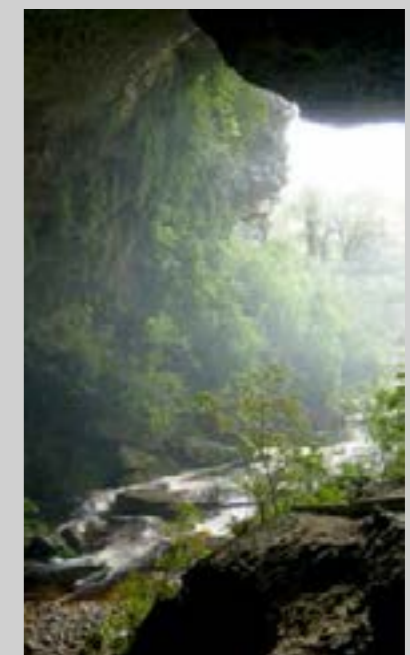
“The support from DWC’s MRI fund made the project very do-able. Our project fitted the MRI’s criteria as it was promoting the northern Buller”, she says.

The project has seen the Oparara Valley transformed into a tourism destination in its own right. Tracks were upgraded, loop tracks formed, toilets

and a shelter built, and carpark extended. The Trust also took over running the guided cave tours and promotes the tourism attractions in the area.

Rosalie says the Trust’s work has opened up opportunities for sustainable eco-tourism and boosted local employment. As a result Karamea was able to weather the global tourism downturn and until 2013 did not suffer any decrease in visitor numbers, unlike many other West Coast tourist destinations.

The Trust continues its excellent work and has recently applied for funding from DOC’s new Community Conservation Partnership funding to upgrade the track to the Oparara Arch.



Cycle Trails and Recreation Centre

The two West Coast cycle trails and Greymouth's proposed Westland Recreation Centre received a funding boost from DWC and the Government in early 2014.

The Government was investing \$1m into the Old Ghost Road walking and cycle trail and approached DWC to co-invest alongside them with an additional \$500,000 to enable the completion of the trail. DWC wanted to treat all districts equally so requested the Government also provide \$500,000 to both the Grey and Westland Districts for their recreation centre and cycleway projects. The result was the Government invested a total of \$2m across the three districts supplemented by an additional \$1.5m from DWC.



With DWC's initial contribution of \$750,000, the additional \$500,000 provided in 2014 and Buller District Council earmarking \$250,000 of its Extraordinary Distribution Funding (EDF), DWC has invested \$1.5m in the 80km Old Ghost Road walking and cycle trail.

Westland District will use its additional \$500,000 funding towards completing the Hokitika to Ross section of the West Coast Wilderness Trail. The four-day, 130km trail is a joint venture between the Grey and Westland District Councils and will ultimately take cyclists from Greymouth to Ross. DWC initially contributed \$750,000 to this cycle trail. With Westland District Council allocating its entire \$2m EDF funding towards this project and Grey District Council committing \$215,000 of its EDF funding, DWC's overall investment in the Westland Wilderness Trail is \$3.465 million.

Grey District has earmarked its additional \$500,000 from DWC for the Westland Recreation Centre that will be built adjacent to the Greymouth Aquatic Centre. With the additional Government funding it means Grey District Council has raised the \$8.2m required to commence building.

Bulk Funding

Historically DWC distributed grants directly to community organisations. There was a view that organisations more closely aligned to the community were in a better position to be making these funding decisions so in 2011-12 DWC initiated a bulk funding methodology. This approach sees DWC providing an annual grant of \$90,000 to the West Coast Community Trust (WCCT) and \$15,000 to the Development West Coast Amateur Sports Trust (DWCAST).

By bulk funding these organisations, DWC is supporting and assisting our community groups and cultural organisations to provide services to their members and helping maintain a diverse and vibrant West Coast community.

BULK FUNDING

West Coast Community Trust

In the 2013-14 financial year the WCCT distributed funding to a variety of groups, including the West Coast Historical and Mechanical Society, Grey District Library, Friends at Whataroa School, Inangahua Tourism Promotions Incorporated and West Coast Riding for the Disabled Inc.

BULK FUNDING

Development West Coast Amateur Sports Trust

Formerly the Solid Energy Amateur Sports Trust, DWC took over the naming rights of the organisation in 2013 when Solid Energy exited their arrangement with them, effectively increasing DWC's annual grant from \$10,000 to \$15,000.

DWCAST provides grants to talented West Coast sports people to enable them to access training and compete at national or international events. This year recipients included swimmer George Schroder who was identified as one of the top NZ Youth swimmers in the country, Hokitika cyclist Charlotte Lucas who gained a fourth at the Festival of Cycling elite women's 90km road race and Buller basketballer Charlotte Elley who made the NZ under-20 basketball team.



EDF Funding

DWC's Extraordinary Distribution Fund (EDF) provided each of the three West Coast district councils with a one-off \$2 million grant in 2011. The fund is expected to provide an economic boost to the region through to March 2016 and enable each district to fund various community assets and projects.

The majority of the funding has now been allocated by the councils, with funding going to a diverse range of projects, including new kindergarten facilities, foreshores and breakwater developments, cycleways and information centres.

CASE STUDY

O'Connor Home, Westport

In early 2014 the O'Connor Home Trust completed the first stage of a five stage upgrade to extend and earthquake strengthen the O'Connor Home aged care facility. The \$3 million first stage has seen two new lounges and a dining room built and bed numbers extended from 34 to 53. Stage two involves earthquake strengthening the old part of the building to 100% of code.

O'Connor Home is run by a Trust which was set up by local Westport identity Eugene O'Connor. It offers day care, respite care, hospital level care, dementia care, palliative care and residential care to residents aged from 51 to 99 years of age.

The O'Connor Home Trust raised the funds to undertake the strengthening and extensions in a variety of ways, including donations and bequests, selling a farm attached to the home, selling rooms and sponsoring bricks. It was also granted \$200,000 by the Buller District Council from the \$2 million EDF funding.

The Trust says funding from DWC was hugely important and enabled them to start the project.

Funding from DWC's EDF fund has not only extended the availability of residential and hospital level care for Westport senior citizens but has also provided employment opportunities for local builders.



Recipient Organisation	Project	Allocation
Buller District		
Buller Rugby Football Union	Lights for Craddock Park	\$25,000
Carters Beach Hall Committee	Upgrade hall	\$50,000
Karamea Medical Assn Trust	New house for medical staff	\$195,000
Salvation Army	Building work for 'The Shed'	\$50,000
Sunset Speedway Club	Replace safety fence	\$25,000
Westport Kindergarten Assn	New facility	\$100,000
Coaltown Trust	Construct cultural hub	\$500,000
Reefton Powerhouse-ITPS	Reconstruct powerhouse	\$400,000
Mokihinui-Lyell Backcountry Trust	Old Ghost Road	\$250,000
Seddonville Community Assn	Relocate fire station & library	\$35,500
The O'Connor Institute Trust Board	Extension & earthquake strengthening	\$200,000
Westport Volunteer Fire Brigade	Support vehicle	\$15,000
Reefton Early Learning centre	New Learning Centre	\$100,000
Total - Buller District		\$1,945,500
Balance Unallocated		\$54,500
Grey District		
Recreation Centre	Construction of New Recreation Centre	\$600,000
Cobden Breakwater-Eco Cluster	Develop Cobden Breakwater	\$150,000
Southern Breakwater	Develop Southern Breakwater	\$300,000
Moana Foreshore	Moana Foreshore Redevelopment	\$20,000
Cycleway Paroa -Taramakau	Complete GDC section of cycleway	\$215,000
Town Development Strategy	Improvements to CBD	\$60,000
West Coast Theatre Trust	Upgrades to Regent Theatre	\$250,000
Paroa Pony Club	Toilets to serve club & cycleway	\$60,000
Shantytown	Improvements to conference facilities	\$150,000
SPCA	New facility	\$10,000
Shantytown	Minerals display	\$10,000
Netball	Resurface courts	\$50,000
Greymouth Golf club	River protection etc	\$20,000
St John	Emergency power supply	\$22,500
Blackball	New pool liner	\$15,000
Nelson Creek Hall	Renovations & picnic facilities	\$5,000
West Coast Football League	Carpark Wingham Park	\$25,000
Total- Grey District		\$1,962,500
Balance Unallocated		\$37,500
Westland District		
Westland Wilderness Trail Trust	Construction of trail	\$2,000,000
Total		\$2,000,000

CASE STUDY

Moana Foreshore redevelopment, Lake Brunner

Located on the edge of Lake Brunner, the Moana township is a critical tourism destination for the Grey District, and over the last two years the Moana foreshore has undergone a significant transformation to ensure Moana has the facilities to support the thousands of holiday-makers that visit the town each year.

The boat ramp has been widened and upgraded, a floating pontoon has been added to the existing jetty and a rock groyne built to provide shelter. About 60 boat trailer parks have been created, the picnic area upgraded, timber and debris removed from the shore to make the area safer and sand and gravel added to the beach areas. Add in landscaping, signage, and new seats and picnic tables and the \$350,000 upgrade has made an enormous difference to the lake foreshore.

The project was initiated by the Moana Foreshore Committee and volunteers helped the Grey District Council (GDC) with some of the work. GDC allocated \$20,000 of its EDF funding from DWC to the project.



Major District Initiative Fund

DWC continues to financially support significant assets and facilities in West Coast communities through the Major District Initiative Fund (MDI).

The MDI has provided each of the three councils with \$400,000 each year since 2005 to assist in providing a range of community facilities or social infrastructure. The funding will continue to 31 March 2022.

Approved MDI Projects	\$ Approved/Available
Buller	
Solid Energy Centre	6,000,000
Arts & Cultural Centre	700,000
Uncommitted Funds	0
	6,700,000
Grey	
Aquatic Centre	6,000,000
Cobden Sports Complex	50,000
West Coast Theatre Trust	400,000
Grey United Tennis Club	20,000
Westurf Recreation Trust	100,000
Uncommitted Funds	130,000
	6,700,000
Westland	
Westland i-Site	296,952
Hokitika Regent Theatre (Stage I)	910,000
Library Relocation	489,392
Donovan's Store Refurbishment	78,375
Hokitika Gorge Upgrade	82,014
Westland Boys' Brigade Hall	247,349
Hokitika Regent Theatre (Stage II)	570,000
Harihari Community Centre	455,000
Franz Josef Community Centre	100,000
Uncommitted Funds	4,040,918
	6,700,000
Total	\$20,100,000

Statement of Responsibility

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

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

We are of the opinion that these Financial Statements fairly reflect the financial position and operations of Development West Coast and Group for the year ended 31 March 2014.

Signed for and on behalf of the Trustees and Management.

John Sturgeon
Chairman
4 August 2014

Joseph Thomas
Chief Executive
4 August 2014



Independent Auditor's Report

To the readers of Development West Coast and group's financial statements for the year ended 31 March 2014

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

We have audited the financial statements of the Trust and group on pages 26 to 47, that comprise the balance sheet as at 31 March 2014, 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 and group on pages 26 to 47:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust and group's:
 - financial position as at 31 March 2014; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 4 August 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the 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 preparation of the Trust and group's 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 and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

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

We 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 and group'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 clause 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 clause 22.5 of the Trust Deed of the Trust.

Independence

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

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

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

Statement of Consolidated Income

For the year ended 31 March 2014

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Finance Income	4	3,719	6,361	4,489	7,212
Trading Sales		7	0	0	0
Other Operating Income		509	631	251	256
Gain on Sale of Assets		869	0	0	0
Total Income		5,104	6,992	4,740	7,468
Operating Expenses	5	2,621	2,685	2,386	2,352
Share of Loss in Associate		109	1,170	0	0
Surplus before Community Distributions and Projects		2,374	3,137	2,354	5,116
Regional Development	6	995	869	995	869
Major District Initiative		354	387	354	387
Major Regional Initiative		0	(94)	0	(94)
Community Grants	7	1,605	300	1,605	300
Surplus/(Deficit) before Impairment of Assets		(580)	1,675	(600)	3,654
Impairment of Distribution Assets		3	139	0	1,828
Impairment of Other Assets	8	0	307	0	0
Investment Mark-to-Market (Profit)/Loss		(3,893)	(3,577)	(3,893)	(3,577)
Surplus/(Deficit) for the Year before Tax		3,310	4,806	3,293	5,403
Taxation	9	0	0	0	0
Surplus/(Deficit) for the Year		3,310	4,806	3,293	5,403

Statement of Comprehensive Income

For the year ended 31 March 2014

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Surplus/(Deficit) for the Year	21	3,310	4,806	3,293	5,403
Other Comprehensive Income:					
Net Gain/(Loss) on Available for Sale Investments	21	(1,828)	234	(1,828)	234
Net Gain/(Loss) on Cash Flow Hedges	21	(170)	45	(170)	45
Movement in Asset Revaluation Reserve	21	159	0	0	0
Other Comprehensive Income for the Year		(1,839)	279	(1,998)	279
Total Comprehensive Income for the Year		1,471	5,085	1,295	5,682

Statement of Movements in Equity

For the year ended 31 March 2014

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Balance at 1 April		102,121	97,036	103,548	97,866
Surplus/(Deficit) for the Year		3,310	4,806	3,293	5,403
Other Comprehensive Income for the Year		(1,839)	279	(1,998)	279
Total Movements in Equity for the Year		1,471	5,085	1,295	5,682
Balance at 31 March		103,592	102,121	104,843	103,548

Balance Sheet

As at 31 March 2014

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
ASSETS					
Current Assets					
Cash and Cash Equivalents	10	6,663	2,069	6,517	1,882
Current Tax Receivable		1	1	0	0
Trade and Other Receivables	11	2,704	435	1,917	966
Derivative Financial Instruments	16	29	73	29	73
Investments	12	62,248	56,006	61,533	56,004
Distribution Assets	13	1,555	1,070	11,500	10,219
		73,200	59,654	81,496	69,144
Non-Current Assets Classified as Held for Sale		0	1,038	0	0
Total Current Assets		73,200	60,692	81,496	69,144
Non-Current Assets					
Derivative Financial Instruments	16	0	121	0	121
Intangible Assets and Goodwill	15	21	40	20	39
Property, Plant and Equipment	14	4,046	4,161	1,042	1,109
Investments	12	37,079	48,991	36,430	48,342
Investment in Associate	29	3,435	3,385	0	0
Distribution Assets	13	1,801	2,759	1,801	2,759
Total Non-Current Assets		46,382	59,457	39,293	52,370
TOTAL ASSETS		119,582	120,149	120,789	121,514
LIABILITIES					
Current Liabilities					
Derivative Financial Instruments	16	17	2	17	2
Trade and Other Payables	17	5,884	5,052	5,840	4,990
Provisions	18	3,125	5,169	3,125	5,169
Total Current Liabilities		9,026	10,223	8,982	10,161
Non-Current Liabilities					
Derivative Financial Instruments	16	5	0	5	0
Trade and Other Payables	17	6,959	7,805	6,959	7,805
Total Non-Current Liabilities		6,964	7,805	6,964	7,805
TOTAL LIABILITIES		15,990	18,028	15,946	17,966
NET ASSETS		103,592	102,121	104,843	103,548
EQUITY					
Restricted Capital	20	79,514	79,514	79,514	79,514
Reserves	21	24,078	22,607	25,329	24,034
TOTAL EQUITY		103,592	102,121	104,843	103,548

Cash Flow Statement

For the year ended 31 March 2014

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash Flows from Operating Activities					
Receipts from Customers		4	0	0	0
Finance Income		5,141	5,812	5,130	5,806
Other Income		509	867	251	443
Payments to Suppliers, Trustees and Employees		(2,233)	(2,880)	(2,005)	(2,543)
Community Distributions and Projects		(5,926)	(3,372)	(5,926)	(3,372)
Net Cash Flows from/(used in) Operating Activities	19	(2,505)	427	(2,550)	334
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment		1,933	107	0	64
Proceeds on Disposal of Investments		47,400	38,447	47,400	38,447
Distribution Asset Repayments		968	1,791	1,736	2,003
Purchase of Property, Plant and Equipment		(19)	(114)	(19)	(74)
Purchase of Intangible Assets		0	(3)	0	0
Purchase of Investments		(42,778)	(38,903)	(40,775)	(38,901)
Distribution Asset Lending		(405)	(132)	(1,157)	(191)
Net Cash Flows from/(used in) Investing Activities		7,099	1,193	7,185	1,348
Net Increase/(Decrease) in Cash and Cash Equivalents		4,594	1,620	4,635	1,682
Cash and Cash Equivalents at Beginning of Period		2,069	449	1,882	200
Cash and Cash Equivalents at End of Period	10	6,663	2,069	6,517	1,882

Notes to the Financial Statements

1 Objects

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

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

2 Reporting Entity

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

The financial statements of Development West Coast for the year ended 31 March 2014 were authorised for issue by Trustees on 4 August 2014.

3 Summary of Significant Accounting Policies

3.1 Basis of Preparation

The financial statements are General Purpose Financial Statements prepared in accordance with our Deed of Trust and generally accepted accounting practice in New Zealand. The financial statements have also been prepared on a historical cost basis, except for derivative financial instruments, held for trading

investments, available-for-sale investments, and associate land and buildings which have been measured at fair value.

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

a) Differential Reporting

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

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

3.2 Statement of Compliance

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

3.3 Basis of Consolidation

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

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

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

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses

and profit and losses resulting from intra-group transactions have been eliminated in full.

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

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

3.4 Business Combinations

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

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

3.5 Investments in Associates

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

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

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

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

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

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

3.6 Foreign Currency Translation

a) Functional and Presentation Currency

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

b) Transactions and Balances

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

3.7 Cash and Cash Equivalents

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

3.8 Trade and other Receivables

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

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

3.9 Derivative Financial Instruments

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

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

3.10 Non-Current Assets and Disposal Groups held for Sale

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

held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

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

3.11 Investments and Other Financial Assets

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

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

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

a) Recognition and Derecognition

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

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

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

(ii) Loans and Receivables

Loans and receivables, including cash, accounts receivable, term deposits and distribution assets, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Available-for-Sale Securities

Available-for-sale investments are those non-derivative financial assets, principally private equity and term bonds that are designated as available-for-sale or are

not classified as any of the two preceding categories. After initial recognition, available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

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

3.12 Distribution Assets

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

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

a) Quality of Distribution Assets

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

b) Securities and Non-Performing Assets

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

c) Non-Performing Assets

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

3.13 Impairment of Financial Assets

The carrying amounts of any assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

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

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

3.14 Property, Plant and Equipment

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

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

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

a) Derecognition

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

3.15 Leases

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

a) As a Lessee

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

b) As a Lessor

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

3.16 Impairment of Non-Financial Assets other than Goodwill

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

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

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

3.17 Goodwill and Intangibles

Intangibles

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

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

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

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

3.18 Trade and Other Payables

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

3.19 Provisions and Employee Benefits

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

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

3.20 Revenue Recognition

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

a) Sale of Goods

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

b) Rendering of Services

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

c) Interest Revenue

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

d) Dividends

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

e) Rental Revenue

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

3.21 Income Tax and Other Taxes

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

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

Other Taxes

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

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

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

3.22 Government Grants

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

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

3.23 Changes in Accounting Policies

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

3.24 Changes in Accounting Standards

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust is classified as a Tier 2 reporting entity and it will be required to apply Public Benefit Entity Accounting Standards (PAS) with Reduced Disclosure Requirements. These standards are being developed by the XRB and are mainly based on current International Public Sector Accounting Standards. The effective date of the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means the Trust will transition to the new standards in preparing its 31 March 2016 financial statements.

4 Finance Income

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Interest on Distribution Assets	93	177	901	1,033
Interest on Term Deposits	528	693	528	693
Interest on Available for Sale Investments	2,581	3,375	2,581	3,375
Interest Concessions	202	119	202	119
Interest - Other	38	4	0	0
Dividends on Available for Sale Investments	167	76	167	75
Dividends on Held for Trading Investments	1,369	999	1,369	999
Fee Income	0	0	0	0
Net Realised Gains/(Losses) on disposal of Available for Sale Investments reclassified from Unrealised Gains Reserve	294	315	294	315
Net Realised Gains/(Losses) on Held for Trading Derivatives	257	234	257	234
Net Realised Gains/(Losses) on Held for Trading Investments	(1,810)	369	(1,810)	369
Total Finance Income	3,719	6,361	4,489	7,212

5 Operating Expenses

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Administration Expenses		1,185	1,284	1,148	1,120
Advisory Body Fees		70	75	70	75
Advisory Body Expenses		17	12	17	12
Auditor's Remuneration	28	103	104	78	77
Bad and Doubtful Debts		0	0	0	0
Cost of Sales		4	0	0	0
Depreciation & Amortisation	14 & 15	147	160	99	102
Directors' Fees		0	0	0	0
Election Costs		21	0	21	0
Equipment Lease Payments		3	3	3	3
External Consultancy Expenses		122	245	113	222
Farm Expenses		43	40	0	0
Finance Costs		2	1	2	1
Information & Communication Technology		38	25	38	25
Insurance & Risk Management		82	50	45	45
Investment Advisory Expenses		242	241	242	241
Legal Fees		134	114	102	98
Loss/(Gain) on Sale of Assets		7	(18)	7	(18)
Marketing & Promotion		47	51	47	51
Occupancy		96	96	96	96
Recruitment Costs		53	0	53	0
Trustees' Remuneration		174	167	174	167
Trustees' Expenses		31	35	31	35
Total Operating Expenses		2,621	2,685	2,386	2,352

6 Regional Development

	Note	Consolidated		Parent	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Interest Concessions		201	119	201	119
Regional Partnership Network		69	60	69	60
Tourism West Coast		86	86	86	86
Business Development Unit		639	604	639	604
Total Community Distributions & Projects		995	869	995	869

7 Community Grants

Project or Recipient	2014 \$
Greymouth Miners Recreation Centre	500,000
Ghost Road Cycle Trail	500,000
Westland Wilderness Trail	500,000
Development West Coast Amateur Sports Trust	15,000
West Coast Community Trust	90,000
Total Community Grants	1,605,000

8 Impairment of Other Assets

	Note	Consolidated		Parent	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Impairment of Property		0	307	0	0
Total Impairment of Other Assets		0	307	0	0

9 Income Tax

9.1 Income Tax Expense

	Consolidated	
	2014	2013
	\$000	\$000
Income Statement	0	0
Current Income Tax	0	0
Income Tax Expense Reported in the Statement of Consolidated Income	0	0

9.2 Reconciliation of Tax Expense

	Consolidated	
	2014	2013
	\$000	\$000
Accounting Surplus/(Deficit) Before Tax	3,310	4,806
At the Statutory Income Tax Rate of 28%	927	1,346
Adjustments in Respect of Parent (Surplus)/Deficit not Taxable	(958)	(1,986)
Adjustments in Respect of Temporary Differences	11	16
Adjustments in Respect of Permanent Differences	(52)	442
Tax Losses not Recognised	72	182
Income Tax Expense	0	0

9.3 Tax Losses

No asset has been recognised in respect of the taxation losses held by the Group. At 31 March 2014 these totalled \$10,513,235 (2013: \$10,206,587).

10 Cash and Cash Equivalents

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Cash at Bank and On Hand	6,663	2,069	6,517	1,882
Total Cash and Cash Equivalents	6,663	2,069	6,517	1,882

As at 31 March 2014, Development West Coast had \$8,644,000 (2013: \$14,839,000) on short term deposit at registered banks. These deposits are classified as investments in the annual accounts.

11 Trade and Other Receivables

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Trade Receivables	13	101	0	56
GST Refund Receivable	61	73	67	78
Related Party Receivables	0	0	517	575
Prepayments	0	3	0	0
Sundry Receivables	2,630	258	1,333	257
Carrying Amount of Trade and Other Receivables	2,704	435	1,917	966

11.1 Related Party Receivables

For terms and conditions of related party receivables refer to note 23.

12 Investments

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Available for Sale Investments	45,975	51,169	44,611	50,518
Held for Trading Investments	44,708	38,888	44,708	38,888
Term Deposits	8,644	14,940	8,644	14,940
Total Investments	99,327	104,997	97,963	104,346
Current Assets	62,248	56,006	61,533	56,004
Non Current Assets	37,079	48,991	36,430	48,342
Total Assets	99,327	104,997	97,963	104,346

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

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

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

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash and Cash Equivalents	6,663	2,069	6,517	1,882
Trade and Other Receivables	2,704	435	1,917	966
Term Deposits	8,644	14,940	8,644	14,940
Advances to Associate	1,364	648	0	0
Distribution Assets (Gross)	3,609	4,079	24,849	24,526
Total Loans and Receivables	22,984	22,171	41,927	42,314

13 Distribution Assets

The distribution assets can be further analysed as follows:

Class	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current Distributions	1,808	1,280	23,048	21,727
Less Provision for Impairment	253	210	11,548	11,508
Net Current Distributions	1,555	1,070	11,500	10,219
Non-Current Distributions	1,801	2,799	1,801	2,799
Less Provision for Impairment	0	40	0	40
Net Non Current Distributions	1,801	2,759	1,801	2,759
Net Distributions	3,356	3,829	13,301	12,978
Investment in Subsidiaries			5,222	5,222
Loans to Subsidiaries			16,018	15,225
Loans to Other Parties			3,609	4,079
			24,849	24,526
Less Provision for Impairment			11,548	11,548
Total			13,301	12,978

13.1 Related Party Distribution Assets

\$21,240,000 of distribution assets were invested in subsidiaries of Development West Coast at 31 March 2014 (2013: \$20,447,000) and there was a \$11,295,000 provision for impairment relating to these balances (2013: \$11,298,000). There were no write offs of amounts of distribution assets outstanding from subsidiaries of Development West Coast during the year ending 31 March 2014 (2013: \$nil).

For terms and conditions of related party receivables refer to note 23.

14 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 2012	243	237	138	66	83	165	5,373	7	6,312
Additions	32	0	0	4	7	6	0	0	49
Disposals	(77)	0	0	0	(4)	(7)	0	0	(88)
Transfer to non current assets classified as held for sale	0	0	0	0	0	0	(1,260)	0	(1,260)
Balance at 31 March 2013	198	237	138	70	86	164	4,113	7	5,013
Balance at 1 April 2013	198	237	138	70	86	164	4,113	7	5,013
Additions	0	0	0	0	0	20	0	0	20
Disposals	0	0	(6)	(1)	0	(25)	0	0	(32)
Balance at 31 March 2014	198	237	132	69	86	159	4,113	7	5,001
Depreciation and Impairment Losses									
Balance at 1 April 2012	96	237	59	58	72	138	634	0	1,294
Depreciation Charge for the Year	41	0	11	4	5	14	66	0	141
Impairment Losses	0	0	0	0	0	0	307	0	307
Disposals	(53)	0	0	(1)	(4)	(6)	0	0	(64)
Transfer to non current assets classified as held for sale	0	0	0	0	0	0	(826)	0	(826)
Balance at 31 March 2013	84	237	70	61	73	146	181	0	852
Balance at 1 April 2013	84	237	70	61	73	146	181	0	852
Depreciation Charge for the Year	40	0	11	4	4	12	57	0	128
Disposals	0	0	(3)	(1)	0	(21)	0	0	(25)
Balance at 31 March 2014	124	237	78	64	77	137	238	0	955
Net Carrying Amount									
At 31 March 2012	147	0	79	8	11	27	4,739	7	5,018
At 31 March 2013	114	0	68	9	13	18	3,932	7	4,161
At 31 March 2014	74	0	54	5	9	22	3,875	7	4,046

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 2012	242	0	138	51	83	165	910	7	1,596
Additions	32	0	0	4	7	6	0	0	49
Disposals	(77)	0	0	0	(4)	(7)	0	0	(88)
Balance at 31 March 2013	197	0	138	55	86	164	910	7	1,557
Balance at 1 April 2013	197	0	138	55	86	164	910	7	1,557
Additions	0	0	0	0	0	20	0	0	20
Disposals	0	0	(6)	(1)	0	(25)	0	0	(32)
Balance at 31 March 2014	197	0	132	54	86	159	910	7	1,545
Depreciation and Impairment Losses									
Balance at 1 April 2012	95	0	59	43	72	138	22	0	429
Depreciation Charge for the Year	41	0	11	4	5	14	8	0	83
Disposals	(53)	0	0	(1)	(4)	(6)	0	0	(64)
Balance at 31 March 2013	83	0	70	46	73	146	30	0	448
Balance at 1 April 2013	83	0	70	46	73	146	30	0	448
Depreciation Charge for the Year	40	0	11	4	4	12	9	0	80
Disposals	0	0	(3)	(1)	0	(21)	0	0	(25)
Balance at 31 March 2014	123	0	78	49	77	137	39	0	503
Net Carrying Amount									
At 31 March 2012	147	0	79	8	11	27	888	7	1,167
At 31 March 2013	114	0	68	9	13	18	880	7	1,109
At 31 March 2014	74	0	54	5	9	22	871	7	1,042

15 Intangible Assets

	Consolidated			Parent
	Computer Software \$000	Other Intangible Assets \$000	Total \$000	Computer Software \$000
At Cost				
Balance at 1 April 2012	90	51	141	90
Additions	3	0	3	3
Disposals	0	0	0	0
Balance at 31 March 2013	93	51	144	93
Balance at 1 April 2013	93	51	144	93
Additions	0	0	0	0
Disposals	0	0	0	0
Balance at 31 March 2014	93	51	144	93
Accumulated Amortisation and Impairment				
Balance at 1 April 2012	35	50	85	35
Amortisation and Impairment Losses	19	0	19	19
Disposals	0	0	0	0
Balance at 31 March 2013	54	50	104	54
Balance at 1 April 2013	54	50	104	54
Amortisation and Impairment Losses	19	0	19	19
Disposals	0	0	0	0
Balance at 31 March 2014	73	50	123	73
Net Carrying Amount				
At 31 March 2012	55	1	56	55
At 31 March 2013	39	1	40	39
At 31 March 2014	20	1	21	20

16 Derivative Financial Instruments

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current Asset/(Liability)				
Currency Option Contracts - Held for Trading	(17)	(2)	(17)	(2)
Interest Rate Swap Contracts - Cash Flow Hedge	29	73	29	73
	12	71	12	71
Non Current Asset/(Liability)				
Currency Option Contracts - Held for Trading	0	0	0	0
Interest Rate Swap Contracts - Cash Flow Hedge	(5)	121	(5)	121
	(5)	121	(5)	121
Total Derivative financial Instruments	7	192	7	192

All movements in fair value for those derivatives classified as Held for Trading are recognised in profit or loss in the year they occur.

Movements in fair value for those derivatives classified as Cash Flow Hedge are recognised in balance sheet reserves in the year they occur.

16.1 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 \$17,212 (2013 \$1,804 loss).

b) Interest Rate Swap Contracts – Cash Flow Hedges

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

The swaps in place total \$3.0 million (2013 \$7.5 million) allowing Development West Coast to convert floating rate investments that pay Development West Coast BKBM plus a margin, to a fixed rate. The effective fixed rate locked in is 6.62% (2013 6.10% to 6.62%).

17 Trade and Other Payables

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Trade Payables	663	286	662	276
Employee Entitlements	35	74	35	74
Sundry Creditors	12,145	12,497	12,102	12,445
Carrying Amount of Trade and Other Payables	12,843	12,857	12,799	12,795
Current Liabilities	5,884	5,052	5,840	4,990
Non Current Liabilities	6,959	7,805	6,959	7,805
Carrying Amount of Trade and Other Payables	12,843	12,857	12,799	12,795

Trade and other payables are classified as financial liabilities at amortised cost. For terms and conditions relating to related party payables refer to note 23.

17.1 Sundry Creditors Analysis

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Sundry Creditors	973	196	930	144
Major Regional Initiative	207	207	207	207
Major District Initiative	9,441	10,508	9,441	10,508
Other Community Grants	1,524	1,586	1,524	1,586
Total Sundry Creditors	12,145	12,497	12,102	12,445

18 Provisions

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current				
Provision for Extraordinary Distribution Fund	3,125	5,169	3,125	5,169
	3,125	5,169	3,125	5,169

18.1 Extraordinary Distribution Fund (EDF)

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

18.2 Unused Amounts Reversed

No unused amounts were reversed during 2013 or 2014 in respect of the Group. No unused amounts were reversed in the Parent in 2013 or 2014.

19 Cash Flow Statement Reconciliation

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Reconciliation of Net Profit(Loss) after Tax to Net Cash Flows from Operations				
Net Profit/(Loss)	3,310	4,806	3,293	5,403
Adjustments for				
Depreciation and Amortisation	147	160	99	102
Impairment/(Write Back) of Non-Current Assets	0	307	0	0
Impairment and Write-Off of Distribution Assets	3	139	0	1,828
Capitalised Distribution Asset Interest	(93)	(176)	(901)	(1,033)
Realised Loss included in Investing Activities	1,810	0	1,810	0
Accrual relating to Investment Activities	(857)	0	(857)	0
Accrual relating to Investment Activities	885	0	885	0
Net (Profit)/Loss on Disposal of Property, Plant and Equipment	(889)	(18)	7	(18)
Share of Associate's (Profit)/Loss	109	1,170	0	0
Transfer Investment to Accounts Receivable	1,290	0	0	0
Net Fair Value Change on Financial Instruments Valued at Fair Value	(3,893)	(3,577)	(3,893)	(3,577)
Total Adjustments	(1,488)	(1,995)	(2,850)	(2,698)
Changes in Assets and Liabilities				
(Increase)/Decrease in Trade and Other Receivables	(2,268)	(18)	(952)	(67)
(Decrease)/Increase in Trade and Other Payables	(15)	(1,535)	4	(1,473)
(Decrease)/Increase in Provisions	(2,044)	(831)	(2,045)	(831)
	(4,327)	(2,384)	(2,992)	(2,371)
Net Cash from Operating Activities	(2,505)	427	(2,550)	334

20 Restricted Capital

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Restricted Capital	79,514	79,514	79,514	79,514

20.1 Nature of Restricted Capital

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

11.1 The Trustees may distribute up to 5% of the initial capital in any financial year to recommended recipients provided that the income has been fully distributed or set aside for distribution to recommended recipients;

11.2 Subject to clause 11.3, no further applications of the restricted capital can be made under clause 11.1, once the restricted capital is reduced to \$50 million; and

11.3 The Trustees may only pay or apply further amounts under clause 11 with the written approval of the Settlor.

	\$000
Movement in Restricted Capital	
At 1 April 2012	79,514
Transfers to Distribution Fund	0
At 1 April 2013	79,514
Transfers to Distribution Fund	0
At 31 March 2014	79,514

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

21 Reserves

21.1 Movements in Reserves - Consolidated

	Distribution Fund	Net Unrealised Gains Reserve	Cash Flow Hedge Reserve	Revaluation Reserve	Total Reserves
Consolidated	\$000	\$000	\$000	\$000	\$000
At 31 March 2012	15,424	1,708	149	241	17,522
Net Gains on Available-for-Sale Investments		603			603
Reclassification to Finance Income on disposal of Investment		(369)			(369)
Net Gains/(Losses) on Cash Flow Hedges			45		45
Net Surplus/(Loss) for the Year	4,806				4,806
At 31 March 2013	20,230	1,942	194	241	22,607
Net Gains on Available-for-Sale Investments		(1,534)			(1,534)
Reclassification to Finance Income on disposal of Investment		(294)			(294)
Net Gains/(Losses) on Cash Flow Hedges			(170)		(170)
Movement in Asset Revaluation Reserve				159	159
Net Surplus/(Loss) for the Year	3,310				3,310
At 31 March 2014	23,540	114	24	400	24,078

21.2 Movements in Reserves - Parent

	Distribution Fund	Net Unrealised Gains Reserve	Cash flow Hedge Reserve	Total
Parent	\$000	\$000	\$000	\$000
At 31 March 2012	16,495	1,708	149	18,352
Net Gains/(Losses) on Available-for-Sale Investments		603		603
Reclassification to Finance Income on disposal of Investment		(369)		(369)
Net Gains/(Losses) on Cash Flow Hedges			45	45
Net Surplus/(Loss) for the Year	5,403			5,403
At 31 March 2013	21,898	1,942	194	24,034
Net Gains/(Losses) on Available-for-Sale Investments		(1,534)		(1,534)
Reclassification to Finance Income on disposal of Investment		(294)		(294)
Net Gains/(Losses) on Cash Flow Hedges			(170)	(170)
Net Surplus/(Loss) for the Year	3,293			3,293
At 31 March 2014	25,191	114	24	25,329

21.3 Nature and Purpose of Reserves

a) Net Unrealised Gains Reserve

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

b) Cash Flow Hedge Reserve

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

c) Distribution Fund Reserve

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

d) Asset Revaluation Reserve

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

22 Capital Management

Development West Coast's capital is its equity, which comprises the Restricted Capital and Reserves. These are described in notes 20 and 21 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.

23 Related Party Disclosure

23.1 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	
		2014	2013
Forever Beech Limited	New Zealand	100	100
West Coast Development Holdings Limited	New Zealand	100	100
West Coast Development Trust Land Company Limited	New Zealand	100	100
West Coast Snowflake Limited	New Zealand	100	100
Cranberries New Zealand Limited	New Zealand	100	100

23.2 Forever Beech Limited

On 31 March 2014 Development West Coast transferred the ownership of its shares in Forever Beech Limited to its subsidiary West Coast Development Holdings Limited. The transfer was part of a reorganisation of the Group's structure and has no effect on its operations or ultimate ownership of the Group.

23.3 Associates

The Group has a 43.5% interest in Cranley Farms Limited (2013 43.5%).

23.4 Ultimate Parent

Development West Coast is the ultimate parent entity.

23.5 Transactions with Related Parties

- During the year, Development West Coast advanced \$752,000 (2013 \$60,000) to its subsidiary West Coast Development Holdings Limited and was repaid \$767,750 (2013 \$212,000). As at 31 March 2014 \$16,167,905 (2013 \$15,375,485) was owing to Development West Coast. Interest is payable on this amount at rates of between 0% and 8% p.a. and interest of \$808,170 (2013 \$856,768) was charged during the year. Development West Coast is the parent of West Coast Development Holdings Limited.
- During the year, Development West Coast was repaid \$nil (2013 \$nil) by its subsidiary Forever Beech Limited. As at 31 March 2014, Development West Coast had invested equity of \$3,700,000 (2013 \$3,700,000) and, including capitalised interest, had advanced \$1,371,747 (2013 \$1,371,747). Interest has ceased to be charged on this debt.
- At 31 March 2014, Development West Coast was owed \$45 (2013 \$7,767) by West Coast Development Trust Land Co Limited, \$516,448 (2013 \$566,212) by West Coast Development Holdings Limited, and \$45 (2013 \$1,117) by Cranberries New Zealand Limited. Development West Coast was repaid \$7,722 (net of expenses paid) on behalf of West Coast Development Trust Land Co Limited, was repaid \$49,765 (net of expenses paid) on behalf of West Coast Development Holdings Limited and repaid \$1,072 (net of expenses paid) on behalf of Cranberries New Zealand Limited. Development West Coast paid \$45 to West Coast Snowflake Limited and was repaid \$45 by West Coast Snowflake Limited. West Coast Development Trust Land Co Limited, West Coast Snowflake Limited and Cranberries New Zealand Limited are subsidiaries of West Coast Development Holdings Limited. Development West Coast is the parent of West Coast Development Holdings Limited.
- 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 \$nil (2013 \$nil).

- e) During the year Development West Coast purchased on normal commercial terms goods and services totalling \$14,431 (2013 \$8,926) from Hannan and Seddon. Mr Colin Smith, a Trustee of Development West Coast, is a Partner at Hannan and Seddon. During the year Development West Coast purchased on normal commercial terms goods and services totalling \$1,683 (2013 \$nil) from Evan Jones Construction Limited. Mr Evan Jones, a Trustee of Development West Coast until 15 October 2013, is a shareholder of Evan Jones Construction Limited. During the year, Development West Coast's Chairman Mr John Sturgeon, was employed as Executive Chairman while the Chief Executive Officers role was vacant. Mr Sturgeon was paid a salary of \$73,640 while Executive Chair. During the year Development West Coast purchased on normal commercial terms goods and services totalling \$nil (2013 \$863) from Robert Buchanan, Public Law. Mr Robert Buchanan is a Trustee of Development West Coast.

24 Commitments

24.1 Leasing Commitments

Operating Lease Commitments – as Lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2014 are as follows:

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Within one year	23	78	23	78
After one year but not more than five years	12	26	12	26
Total Minimum Lease Payments	35	104	35	104

During the year ended 31 March 2014 \$75,690 for the Group and \$75,690 for the Parent were recognised as an operating lease expense in the Income Statement (Group 2013: \$75,682, Parent 2013: \$75,682).

24.2 Property, Plant and Equipment Commitments

Development West Coast and the Group had no contractual obligations to purchase plant and equipment at balance date (Company 2013: nil; Group 2013: nil).

24.3 Future Distributions

At balance date, \$350,000 (2013 \$1,000,000) of the total funding approved by Trustees was either under consideration by the client or was undrawn against the accepted facilities.

24.4 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 \$5,894,583 (2013 \$5,323,627).

25 Contingencies

The Group had no contingent assets or liabilities at 31 March 2014 (2013 Nil).

26 Enquiries and Applications

For the financial year ending 31 March 2014, Development West Coast received 38 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2013-14	Type	Quantity	Value \$000
Total Applications Received		6	3,138
Trustee Approved	Loan	4	3,133
CEO Approved under Delegated Authority	Loan	2	55
Offers under Consideration by Applicants	Loan	1	350
Applications Withdrawn	Loan	2	2,500

27 Events after Balance Date

Subsequent to balance date West Coast Development Holdings Limited entered into a sales and purchase agreement to buy shares in Bold Head Farm Ltd and the purchase took place on 3 June 2014. West Coast Development Holdings Limited owns 27% of Bold Head Farm Ltd. Bold Head Farm Limited is an associate of West Coast Development Holdings Ltd.

28 Auditor's Remuneration

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

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Amounts received or due and receivable by Audit New Zealand for:				
Audit of the Financial Statements 2014	100	0	75	0
Audit of West Coast Snowflake Limited 2013	3	0	3	0
Audit of the Financial Statements 2013	0	102	0	75
Audit of the Financial Statements 2012	0	2	0	2
	103	104	78	77

29 Investments in Associates

29.1 Investment Details

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cranley Farms Limited		3,435	3,385	0	0
		3,435	3,385	0	0

29.2 Movement in the carrying amount of investments in associates

	Note	Consolidated	
		2014 \$000	2013 \$000
At 1 April		3,385	4,555
Investment in Cranley Farms Limited		0	0
Negative goodwill on purchase		0	0
Share of profits/(losses) after tax		(109)	(1,170)
Share of movements in equity		159	0
At 31 March		3,435	3,385

29.3 Cranley Farms Limited

In May 2011 West Coast Development Holdings Limited invested \$5,000,021 in Cranley Farms Limited. Due to this investment the Group owns 43.5% of Cranley Farms Limited and Cranley Farms Limited is classed as an associate of the Group. Cranley Farms Limited Group has a balance date of 31 May. As this date is within 3 months of Development West Coast Group's balance date the Cranley Farms Limited's accounts for 31 May 2014 have been used to apply the equity method of accounting for the investment.

29.4 Other Associates

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

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



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COVER PHOTO



MBC's Health & Safety Manager, Morgan Newburry, pilots their drone used to take aerial photos for clients.

At the 2013 West Coast Leading Light Business Excellence Awards, MBC won both the ACC Leading Light Health & Safety Award and the Hairy Lemon & the I.T. Team Leading Light Innovation Award.