

WAITAKERE ENTERPRISE TRUST BOARD

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2007

WAITAKERE ENTERPRISE TRUST BOARD

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AUDIT REPORT

TO THE READERS OF
WAITAKERE ENTERPRISE TRUST BOARD'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Waitakere Enterprise Trust Board (the Trust). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust, on his behalf, for the year ended 30 June 2007.

Unqualified Opinion

In our opinion:

- The financial statements of the Trust on pages 9 to 32:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Trust's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the Trust on pages 33 to 37 fairly reflects the achievements measured against the performance targets adopted for the year ended 30 June 2007.

The audit was completed on 30 September 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

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

Responsibilities of the Board and the Auditor

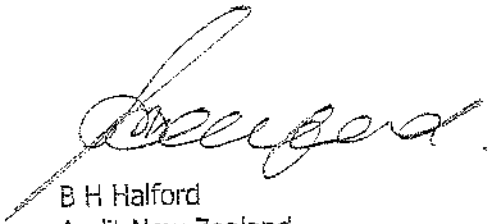
The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Trust as at 30 June 2007. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Board is also responsible for preparing performance information that fairly reflects service performance achievements for the year ended 30 June 2007. The Board's responsibilities arise from the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

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

In addition to the audit we have carried out an assignment for the Trust on the historical financial information and forecasted financial statements as required by the Tertiary Education Commission, which is compatible with the independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Trust.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

WAITAKERE ENTERPRISE TRUST BOARD

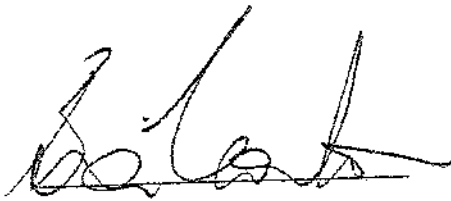
STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2007

The Board of Trustees and management of Waitakere Enterprise Trust Board accept responsibility for the preparation of the annual Financial Statements and the judgements used them.

The Board of Trustees and management of Waitakere Enterprise Trust Board accept responsibility 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.

In the opinion of the Board of Trustees and management of Waitakere Enterprise Trust Board the annual Financial Statements for the year ended 30 June 2007, fairly reflect the financial position and operations of Waitakere Enterprise Trust Board.



ACTING CHAIRPERSON
28 September 2007.



TRUSTEE
28 September 2007.

WAITAKERE ENTERPRISE TRUST BOARD

TRUST DIRECTORY

NATURE OF UNDERTAKING

A Charitable Trust established to undertake initiatives that accelerate the sustainable economic growth of Waitakere.

LOCATION

2nd Floor Central One Building,
Waitakere Central Office Park,
4 Henderson Valley Road,
Henderson,
WAITAKERE CITY

TRUSTEES -(To 14 December 2006)

Mr B.Mogridge O.N.Z.M (Chairman)

Dr M. Buchanan-Oliver
Mr T. Coddington
Mr T. Fasi
Mr T.Taua M.N.Z.M
Mr M.Williams

TRUSTEES -(From 14 December 2006)

Mr B.Mogridge O.N.Z.M (Chairman)

Mr B.Corban
Ms Y. Hawke
Mr P.Spooniey
Mr M.Williams

BANKERS

Bank of New Zealand
373 Great North Road
HENDERSON

SOLICITORS

Corban Revell
133a Central Park Drive
WAITAKERE

AUDITORS

Audit New Zealand on behalf of the Auditor-General

CHAIRMAN - WAITAKERE ENTERPRISE TRUST BOARD

Mr B.Mogridge O.N.Z.M

CHIEF EXECUTIVE OFFICER - WAITAKERE ENTERPRISE TRUST BOARD

Mr J.Wadsworth



A95

WAITAKERE ENTERPRISE TRUST BOARD

TRUST DIRECTORY

ENTRIES MADE IN THE INTERESTS REGISTER

Interests In Transactions

During the year there have been no transactions entered into by the Trustees of the Trust which would require disclosure.

Use Of Trust Information By Trustees

The Board of Trustees received no notices during the year from Trustees requesting to use Trust information in their capacity as Trustees which would not otherwise be available to them.

Remuneration

There have been no:-

- Payments for services other than those stated in note 15 page 31,
- Compensation for loss of office,
- Loans by the Trust to a Trustee,
- Guarantees given by the Trust for debts incurred by a Trustee,
- Entering of contracts to do any of the above.

Indemnity and Insurance : Trustees and Employees

The Trust has taken insurance for any Trustee and Employee in respect of any liability for any act or omission in his or her capacity as a Trustee or Employee.

Trustee Remuneration (Board Member Fees)

	<u>Amount</u>
Mr B.Mogridge O.N.Z.M (Chairman)	28,000
Dr M. Buchanan-Oliver	2,900
Mr T. Coddington	3,600
Mr T. Fasi	2,900
Mr T.Taua M.N.Z.M	1,500
Mr M.Williams	9,300
Mr B.Corban	4,300
Ms Y. Hawke	5,700
Mr P.Spoonley	4,300
	1,010
Trustee Reimbursements	<u>63,510</u>



WAITAKERE ENTERPRISE TRUST BOARD

THE YEAR IN REVIEW

TWELVE MONTHS ENDED 30 JUNE 2007

Trust Activities

The business of the Trust is to undertake initiatives that accelerate the sustainable economic growth of Waitakere. Activities include investment and export facilitation, skills and education development, business information, mentoring and training, annual business events, community economic development and foundation employment skills training

RESULTS AT A GLANCE

Revenue for the period	2,647,243
Expenses for the period	2,611,104

Surplus at 30 June 2007

36,139

The state of the Trust's affairs as at 30 June 2007

Assets Totalled

816,167

These were represented by:-

Trust Equity at 1 July 2006	437,233
Plus current surplus	36,139
Trust Equity at 30 June 2007	<u>473,372</u>

Liabilities of

342,795
816,167

RESULTS AT A GLANCE

Revenue for the period	2,982,678
Expenses for the period	2,869,863

Surplus at 30 June 2006

112,815

The state of the Trust's affairs as at 30 June 2006

Assets Totalled

650,129

These were represented by:-

Trust Equity at 1 July 2005	324,418
Plus current surplus	112,815
Trust Equity at 30 June 2006	<u>437,233</u>

Liabilities of

212,896
650,129

Donations

The Trust has made no donations during the year.



WAITAKERE ENTERPRISE TRUST BOARD

THE YEAR IN REVIEW

TWELVE MONTHS ENDED 30 JUNE 2007

Likely Developments

The Trust will continue to provide investment and export facilitation, skills and education development, business information, mentoring and training, business events and foundation employment skills training.

All under contract to Waitakere City Council, Tertiary Education Commission, Business Mentors N.Z., Work and Income N.Z., Auckland Regional Chamber of Commerce and other public and private sector agreements.

AUDIT GOVERNANCE AND INDEPENDENCE

Approach to audit governance

The Board is committed to three core principles:-

- That the Board's financial reports present a true and fair view,
- That the Board's accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies and,
- That the external auditor is independent and serves stakeholder interests.

Engagement of the external auditor

The Auditor - General is the auditor of the Trust.

The Auditor - General has appointed Audit New Zealand to be the Trust's auditor.

Restrictions on non - audit services by the external auditor

To avoid possible independence or conflict of issues, the external auditor is not permitted to carry out certain types of non - audit services for the Trust, including:

Preparation of accounting records and financial statements;
Financial information systems design and implementation; and
Internal audit services.

Attendance at General Board Meetings

Any Trustee can request that the external auditor be available to answer questions on:

- The conduct of the audit;
- The preparation and content of the audit report;
- The accounting policies adopted by the Board in relation to the preparation of the financial statements; and
- The independence of the auditor in relation to the conduct of the audit.

Auditors' Remuneration

Audit Fees (2007)	\$15,785 Annual Report.
Audit Fees (2007)	\$2,215 IFRS Opening Balances.
Audit Fees (2007)	\$4,000 Financial Viability Report for Tertiary Education Commission.

Audit Fees (2006)	\$7,874 Annual Report
Audit Fees (2006)	\$3,799 Financial Viability Report for Tertiary Education Commission.



WAITAKERE ENTERPRISE TRUST BOARD

THE YEAR IN REVIEW

TWELVE MONTHS ENDED 30 JUNE 2007

CONTROLLING AND MANAGING RISK

The Board approaches risk management by identifying, assessing and managing the risks that effect its operations in accordance with a set core risk management values. This approach enables the risks to be balanced against appropriate rewards and reflects the Trust's vision, values, objectives, strategy procedures.

The Trust identifies four main types of risk:

- *Credit risk*. The risk of financial loss where a customer fails to meet their financial obligations;
- *Market risk*. the risk to earnings from changes in market factors, such as Government or Council policy initiatives;
- *Operational risk*. The risk that arises from inadequate or failed internal processes, people and systems or from external events; and
- *Compliance risk*. The risk of failing to comply with the Trust's obligations under the law, based on the letter and spirit of a range of regulatory standards expected of the Trust.

Risk management responsibilities

The Board of Trustees is responsible for reviewing and approving the Trust's risk management strategy, frameworks and key parameters, including determining the Trust's appetite for risk.

REMUNERATION

The Trust's reward strategy provides a framework aimed at attracting and retaining talented employees and embedding a culture of achievement. This anchored by a philosophy of paying for performance, internal equity and external benchmarking to achieve market competitiveness.

Changes in Accounting Policy

There are no changes in Accounting Policies. The Policies are consistent with those adopted in the previous period.




WAITAKERE ENTERPRISE TRUST BOARD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

<u>2006</u>	<u>INCOME</u>	<u>NOTE</u>	<u>2007</u>
1,555,017	GOVERNMENT CONTRACTS		1,077,949
746,000	COUNCIL OPERATING GRANTS	15	1,122,000
42,018	INTEREST		15,300
543,643	OTHER REVENUE		353,897
96,000	SPONSORSHIP		<u>78,097</u>
<u>\$ 2,982,678</u>	<u>TOTAL INCOME</u>		<u>\$ 2,647,243</u>
	<u>EXPENSES</u>		
81,312	TRUSTEE FEES		65,110
1,233,133	EMPLOYEE BENEFIT COSTS	2	1,394,121
294,827	OCCUPANCY COSTS		231,377
1,202,886	OPERATIONAL COSTS		849,802
-	FINANCE OPERATIONAL COSTS	3	2,591
51,985	DEPRECIATION	7	62,546
5,718	AMORTISATION	8	<u>5,557</u>
<u>\$ 2,889,863</u>	<u>TOTAL EXPENSES</u>		\$ 2,611,104
<u>\$ 112,815</u>	<u>SURPLUS/(DEFICIT)</u>		<u>\$ 36,139</u>
	<u>ATTRIBUTABLE TO THE TRUST</u>		

This Statement should be read in conjunction with the Statement of Accounting Policies and the notes to the Financial Statements

WAITAKERE ENTERPRISE TRUST BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2007

<u>2006</u>	<u>ASSETS</u>	<u>NOTE</u>	<u>2007</u>
	<u>CURRENT ASSETS</u>		
300,014	CASH AND CASH EQUIVALENTS	5	371,274
220,015	TRADE AND OTHER RECEIVABLES	6	<u>182,095</u>
<u>520,029</u>	<u>TOTAL CURRENT ASSETS</u>		<u>553,369</u>
	<u>NON CURRENT ASSETS</u>		
113,829	PROPERTY, PLANT AND EQUIPMENT	7	216,899
16,271	INTANGIBLE ASSETS	8	12,449
	LEASED ASSET	3	<u>33,450</u>
<u>130,100</u>	<u>TOTAL NON CURRENT ASSETS</u>		<u>262,798</u>
<u>\$ 650,129</u>	<u>TOTAL ASSETS</u>		<u>\$ 816,167</u>
	<u>LIABILITIES</u>		
	<u>CURRENT LIABILITIES</u>		
170,890	TRADE AND OTHER PAYABLES	9	251,950
42,006	EMPLOYEE BENEFIT LIABILITIES	10	57,395
	FINANCE LEASE	3	9,011
<u>212,896</u>	<u>TOTAL CURRENT LIABILITIES</u>		<u>318,356</u>
	<u>NON CURRENT LIABILITIES</u>		
	FINANCE LEASE	3	<u>24,439</u>
<u>212,896</u>	<u>TOTAL LIABILITIES</u>		<u>342,795</u>
<u>437,233</u>	<u>NET ASSETS</u>		<u>473,372</u>
	<u>TRUST EQUITY</u>		
324,418	OPENING BALANCE	11	437,233
112,815	SURPLUS		<u>36,139</u>
<u>437,233</u>	<u>TOTAL EQUITY ATTRIBUTABLE TO</u>		<u>473,372</u>
	<u>THE TRUST</u>		


 ACTING CHAIRPERSON
 28 September 2007.


 TRUSTEE
 28 September 2007.



WAITAKERE ENTERPRISE TRUST BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	<u>NOTE</u>	<u>2007</u>
<u>2006</u>		
324,418 Balance at 1 July	11	437,233
112,815 Surplus / (Deficit) for the year		<u>36,139</u>
<u>112,815</u> Total Recognised Income / (Expenses) for the year ended 30 June attributable to the Trust		<u>36,139</u>
<u>\$ 437,233</u> Balance at 30 June		<u>\$ 473,372</u>




This Statement should be read in conjunction with the Statement of Accounting Policies and the notes to the Financial Statements



WAITAKERE ENTERPRISE TRUST BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	<u>NOTE</u>	<u>2007</u>
<u>2005 CASH FLOWS FROM OPERATING ACTIVITIES</u>		
746,000 Council Operating grants		1,122,000
2,227,091 Receipts From Customers		1,541,411
42,019 Interest Received		15,300
21,775 Goods and Services Tax (Net)		80,491
<u>3,036,885</u>		<u>2,759,202</u>
1,605,594 Payments to suppliers		1,124,450
1,233,133 Employee Benefits		1,394,121
1,885 Interest and Bank charges		2,020
<u>2,840,612</u>		<u>2,520,591</u>
<u>196,273</u> NET CASH FROM OPERATING ACTIVITIES	12	<u>238,611</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
119,260 Purchase of Property, Plant and Equipment		165,618
Intangible Assets		1,733
<u>119,260</u> NET CASH FROM INVESTING ACTIVITIES		<u>167,351</u>
<u>77,013</u> NET (DECREASE)/INCREASE IN CASH, CASH		<u>71,260</u>
EQUIVALENTS AND BANK OVERDRAFTS		
223,001 CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS		300,014
AT THE BEGINNING OF THE YEAR		
<u>300,014</u> CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	5	<u>371,274</u>
AT THE END OF THE YEAR		

The GST (Net) component of operating activities reflect the net GST paid and received with the Inland Revenue Department. The GST (Net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

This Statement should be read in conjunction with the Statement of Accounting Policies and the notes to the Financial Statements

WAITAKERE ENTERPRISE TRUST BOARD
Notes to the Financial Statements

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007

REPORTING ENTITY

Waitakere Enterprise Trust Board (The Trust) is a charitable trust established on 27 May 1994 by a Deed of Trust under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by Waitakere City Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees. The Trust's financial year runs from 1 July to 30 June.

The primary objective of the Trust is to encourage, promote and support the establishment and growth of business investment and employment opportunities within West Auckland, rather than making a financial return.

Accordingly, the Trust has designated itself as a Public Benefit Entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Trust are for the year ended 30 June 2007. The financial statements were authorised for issue by the Board on 28 September 2007.

BASIS OF PREPARATION

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice, applying the framework for differential reporting for entities adopting the New Zealand equivalents to International Financial Reporting standards (NZ IFRS), and its interpretations as appropriate to non profit entities that qualify for and apply differential reporting concessions.

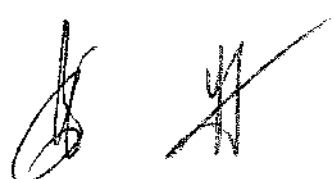
This is the first set of financial statements prepared using the NZ IFRS and comparatives for the year ended 30 June 2006 have been restated to NZ IFRS accordingly. Reconciliations of equity and surplus / (deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the June 2006 financial statements are detailed in note 1, pages 20 to 25.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of the transition to NZ IFRS.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

Any standards, interpretations, and amendments applicable to the Trust that have been issued, but are not yet effective, have been adopted in preparing the financial statements. In particular the Trust has early adopted NZ IFRS and its consequential amendments to NZ IAS 1.



DIFFERENTIAL REPORTING CONCESSIONS

The Trust qualifies for Differential Reporting exemptions as it has no public accountability as defined in the Financial Reporting Act 1983.

The size of the organisation qualifies the Trust under the New Zealand Institute of Chartered Accountants reporting framework. The criteria for qualification is any two of the following:-

- Total revenue not exceeding \$20.0 million,
- Total assets not exceeding \$10 million,
- Exceeding more than 50 full time employees.

The Trust presently meets all the criteria.

All concessions have been taken advantage of except for:-
NZ IAS 7 Cash Flow Statements.

REVENUE

Revenue is measured at the fair value of consideration received.

Grants received from the Waitakere City Council constitute a significant source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the Trust Deed. The Trust also receives other Government assistance for specific purposes, and this income usually contains restrictions on their use.

Council, Government and non Government grants or income are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of use are not met. If there is such an obligation the grants or income are initially recorded as grants and income in advance, and recognised as revenue when conditions of the grant or income are satisfied.

Products held for sale are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit cards fees payable for the transaction. Such fees are included in operational expenses.

Where a physical asset is donated or vested in the Trust for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Trust are recognised as revenue when control over the assets is obtained.

Interest income is recognised using the effective interest method.

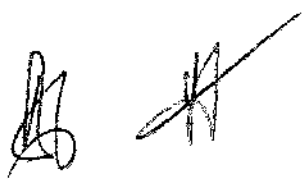
Volunteer services received are not recognised as revenue or expenses as the Trust is unable to reliably measure the fair value of the services received.

ADVERTISING COSTS

Advertising costs are expensed when the related service has been rendered.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.



TAXATION

Income Tax

The Trust is exempt from Income Tax.

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Fringe Benefit Tax

The Trust is exempt from Fringe Benefit Tax.

LEASES

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an assets, whether or not title is eventually transferred.

At the commencement of the lease term, the Trust recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Trust will obtain ownership at the end of the lease term, the assets is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the statement of financial performance over the lease term as an integral part of the total lease expense.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.



TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original term of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows using the effective interest method.

INVESTMENTS

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

At each balance sheet date the Trust assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of financial performance.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.



PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Computer Hardware	2 to 3 years	(33% - 50%)
Office Equipment	5 years	(20%)
Office Fittings	5 years	(20%)

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

INTANGIBLE ASSETS

Software Acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Trust's website are recognised as an expense when incurred.

Amortisation

Computer software licenses are amortised on a straight-line basis over their useful life of 5 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of.

The amortisation charge for each period is recognised in the statement of financial performance.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Trust would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of financial performance.



EMPLOYEE BENEFITS

Short Term Benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Trust recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Trust anticipates it will be used by staff to cover those future absences.

Long Term Benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave are calculated on an actuarial basis.

The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and the present value of the estimated future cash flows.

A discount interest rate together with a rate for an inflation factor is used to establish the discount factor. The discount rate is based on the Reserve Bank of New Zealand end of year (June 2007) base lending rates plus the Reserve Bank of New Zealand consumer price index at year end (June 2007).

These two values make up the discount factor for net present value (NPV) calculations.

PROVISIONS

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, if it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, Plant and Equipment useful lives and residual values

At each balance date the Trust reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 7, page 27.

CRITICAL JUDGEMENTS IN APPLYING THE TRUST'S ACCOUNTING POLICIES

The Trustees must exercise their judgement when recognising contract income to determine if conditions of the contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each revenue contract.

EXPLANATION OF TRANSITION TO NZ IFRS

The Trust's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. The Trust has applied NZ IFRS 1 in preparing these financial statements. The Trust's transition date is 1 July 2005 and the opening NZ IFRS balance sheet has been prepared at that date. The Trust's NZ IFRS adoption date is 1 July 2006.

In preparing these financial statements in accordance with NZ IFRS 1, the Trust has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by the Trust

The Trust has not applied any optional exemptions to full retrospective application of NZ IFRS.

The only mandatory exception from retrospective application that applies to the Trust is the requirement for estimates under NZ IFRS at 1 July 2005 and 30 June 2006 being consistent with estimates made for the same date under previous NZ GAAP.



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**WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 1

RECONCILIATION OF TRUST EQUITY

The following table shows the changes in Trust equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2005 and 30 June 2006.

Transition Balance Sheet

1 JULY 2005

Previous GAAP Effect of Transition to NZ IFRS

Comparative Balance Sheet

30 JUNE 2006

Previous GAAP Effect of Transition to NZ IFRS

	1 JULY 2005	30 JUNE 2006
	Previous GAAP	Effect of Transition to NZ IFRS
	223,001	300,014
	266,745	220,015
	489,746	520,029
	558,289	650,129
	233,871	181,553
	52,318	52,318
	233,871	233,871
	324,418	324,418
	299,184	324,418
	26,234	112,815
	324,418	437,233
CURRENT ASSETS		
Cash and cash equivalents	223,001	300,014
Trade and other receivables	266,745	220,015
TOTAL CURRENT ASSETS	489,746	520,029
NON CURRENT ASSETS		
Property, plant and equipment	68,543	130,100
Intangible assets	(36,176)	(16,271)
	36,176	16,271
TOTAL NON CURRENT ASSETS	68,543	130,100
TOTAL ASSETS	558,289	650,129
CURRENT LIABILITIES		
Trade and other payables	233,871	212,896
Employee benefit liabilities	(52,318)	(42,005)
	52,318	42,005
TOTAL CURRENT LIABILITIES	233,871	212,896
NET ASSETS	324,418	437,233
TRUST EQUITY		
Retained Surplus	299,184	324,418
Current Operating Surplus	26,234	112,815
TOTAL TRUST EQUITY	324,418	437,233

RECONCILIATION OF SURPLUS

1 JULY 2005

30 JUNE 2006

There are no changes to opening balances

REVENUES

Government Contracts	1,555,018	1,555,018
Council operating grants	746,000	746,000
Other Income	639,642	639,642
Interest	42,019	42,019
TOTAL REVENUE	2,982,679	2,982,679

EXPENDITURE

Employee Benefit Costs	1,233,134	1,233,134
Marketing & Promotion	115,837	115,837
Operating Costs	619,516	619,516
Professional Fees	467,534	467,534
Overhead Costs	294,828	294,828
Depreciation and amortisation expense	57,703	57,703
Trustee Fees	81,312	81,312
TOTAL EXPENDITURE	2,869,864	2,869,864

OPERATING SURPLUS

112,815

112,815

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RECONCILIATION OF CHANGES IN EQUITY

1 JULY 2005

30 JUNE 2006

	Notes	There are no changes to opening balances	Previous GAAP	Effect of Transition to NZ IFRS	NZ IFRS
Balance as at 1 July			324,418		324,418
Net Surplus			112,815		112,815
TOTAL RECOGNISED INCOME/ (EXPENSES) FOR THE YEAR ENDED 30 JUNE ATTRIBUTABLE TO THE TRUST			112,815		112,815
BALANCE AS AT 30 JUNE			437,233	-	437,233

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RECONCILIATION OF CASH FLOWS

30 JUNE 2006

1 JULY 2005

	Notes	There are no changes to opening balances	Previous GAAP	Effect of Transition to NZ IFRS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Council operating grant			746,000	746,000
Receipts From customers			2,227,091	2,227,091
Interest received			42,019	42,019
Goods & services Tax (Net)			21,775	21,775
TOTAL			3,036,885	3,036,885
Payments to suppliers			1,605,594	1,605,594
Employee benefits			1,233,133	1,233,133
Interest and Bank Charges			1,885	1,885
Goods & services Tax (Net)			2,840,612	2,840,612
TOTAL			196,273	196,273
Net cash from operating activities				
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property, plant and equipment			119,260	119,260
Net cash from investing activities			119,260	119,260
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts				
Cash, cash equivalents and bank overdrafts at the beginning of the year				
Cash, cash equivalents and bank overdrafts at the end of the year				



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EXPLANATORY NOTES - RECONCILIATION OF EQUITY

A Property plant and equipment and intangible assets

Computer software has been reclassified as an intangible asset.

C Employee Benefits

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires the Trust to recognise employee's unused sick leave entitlement that can be carried forward at balance date to the extent the Trust anticipates it will be used by staff to cover future absences.

The Trust only recognises sick leave entitlements that are vesting entitlements, and provides a provision for only those absences that the Trust expects to pay as a result of any unused entitlement that has accumulated at balance date.

At present there is no material legal obligation for unused compensated absences.

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WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2006

2007

NOTE 2

Employee Benefit costs

1,243,445	Salary and wages	1,378,732
(10,312)	Increase/ (decrease) in employee benefit liabilities	15,389
<u>1,233,133</u>		<u>1,394,121</u>

NOTE 3

Finance Lease and Finance costs

Finance Costs

-	Equipment Rental (Telephone system)	2,591
<u>Nil</u>	TOTAL	<u>2,591</u>

Finance Lease

Telephone equipment rental (5 year rental term-expires 19 April 2012)

<u>Nil</u>	Gross fixed rental (balance of full term)	<u>49,224</u>
<u>Nil</u>	Net Present Value (balance of full term)	<u>33,450</u>
	NPV discount factor 15%	
	Net Present Value (Current)	9,011
	Net Present Value (Non Current)	24,439
<u>Nil</u>		<u>33,450</u>

NOTE 4

Other expenses

7,874	Audit fees for financial statement audit	15,785
3,799	Audit fees for financial viability report for Tertiary Education Commission	
	Audit fees for NZ IFRS transition	2,215
<u>11,673</u>		<u>18,000</u>


NOTE 5

Cash and cash equivalents

1,500	Petty cash float	1,500
61,399	Cash at bank	67,359
237,115	Call deposits at bank (4.35% to 5.35%)	302,415
<u>300,014</u>	Net cash, cash equivalents and bank overdrafts for the purposes of the statement of cash flows.	<u>371,274</u>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.


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WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 6

Trade and other receivables

220,015	Gross trade and other receivables	182,095
	Less provision for impairment	
<u>220,015</u>	<u>Total trade and other receivables</u>	<u>182,095</u>

As at 30 June there are no receivables that need to be assessed for impairment.

NOTE 7

<u>Property Plant and Equipment</u>	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>
<u>Balance at 1 July 2005</u>	146,745	63,866	-
Additions	96,590	11,030	-
Disposals			
<u>Balance at 30 June 2006</u>	243,335	74,896	-
<u>Balance at 1 July 2006</u>	243,335	74,896	-
Additions	4,000	147,634	13,982
Disposals	(146,391)	(64,821)	
<u>Balance at 30 June 2007</u>	100,944	157,709	13,982
<u>Accumulated depreciation and impairment losses</u>			
<u>Balance at 1 July 2005</u>	114,872	37,545	-
Depreciation expense	33,032	18,953	-
Impairment losses			
Disposals			
<u>Balance at 30 June 2006</u>	147,904	56,498	-
<u>Balance at 1 July 2006</u>	147,904	56,498	-
Depreciation expense	43,499	18,659	388
Impairment losses			
Disposals	(150,553)	(60,659)	-
<u>Balance at 30 June 2007</u>	40,850	14,498	388
<u>Carrying amounts</u>			
At July 2005	31,873	26,321	-
At 30 June and 1 July 2006	95,431	18,398	-
At 30 June 2007	60,094	143,211	13,594

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WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

<u>NOTE 8</u>	<u>2006</u>	<u>2007</u>
<u>Intangible Assets</u>		
Balance at beginning of year	36,176	36,176
Additions		1,735
Disposals		
Balance at year end	36,176	37,911
<u>Accumulate amortisation and impairment losses</u>		
Balance at beginning of year	14,187	19,905
Amortisation expense	5,718	5,557
Impairment losses		
Disposals		
Balance at year end	19,905	25,462
<u>Carrying Amounts</u>		
As at beginning of year	21,989	16,271
At year end	16,271	12,449

NOTE 9
Trade and Other payables

108,875	Trade Payables	162,287
42,006	Employee Benefits	57,395
61,712	Accrued expenses	89,663
212,593	Total Trade and Other Payables	309,345

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

NOTE 10
Employee Benefit Liabilities

3,000	Accrued Salary and Wages	4,530
39,006	Annual Leave	52,865
42,006	Total Employee benefit liabilities	57,395

Comprising

42,006	Current	57,395
	Non Current	
42,006	Total Employee benefit liabilities	57,395

WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 11

Reconciliation of Equity

<u>Retained Surpluses</u>		
324,418	Balance at 1 July	437,233
112,815	Surplus / (Deficit) for the year	36,139
<u>437,233</u>	<u>Balance at 30 June</u>	<u>473,372</u>

NOTE 12

Reconciliation of net surplus/ (deficit) to net cash from operating activities

112,815	Surplus / (Deficit) from operating activities	36,139
<u>57,703</u>	<u>Add / (Less) depreciation and amortisation expense</u>	<u>68,103</u>
170,518		104,242
<u>Add / (Less) movements in working capital items</u>		
46,730	Trade and other receivables	37,920
(10,663)	Trade and other payables	81,060
(10,312)	Employee benefits	15,389
<u>196,273</u>	<u>Net cash from operating activities</u>	<u>238,611</u>

NOTE 13

Capital Commitments and operating leases

Capital Commitments

The trust has no capital expenditure commitments.

Operating Leases as lessee

45,800	Not later than one year	251,073
63,475	Later than one and not later than five years	862,308
	Later than five years	
<u>109,275</u>	<u>Total non-cancellable operating leases</u>	<u>1,113,381</u>

A significant portion of the total non-cancellable operating lease amount relates to the lease of a new office building. The lease expires in February 2013, with an option to renew for a further six year term.

The Trust does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Trust by any of its leasing arrangements.

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WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 14

Contingencies

Contingent Liabilities

The Trust has no contingent liabilities (2006 \$27,000)

Contingent Assets

The Trust has no contingent assets (2006 nil)

NOTE 15

Related Party transaction

Waitakere City Council

The Trust was settled by Waitakere City Council and receives a significant amount of operating grants from the Council to deliver its objectives as specified in the Deed of Trust. The Waitakere City Council is the ultimate controlling party of the Trust.

Waitakere Properties Limited

The Company is wholly owned by the Waitakere City Holdings Ltd, a subsidiary of Waitakere City Council. The business of the Company is property development and project consultancy.

The following transactions were carried out with related parties during the year.

Waitakere City Council

<u>2006</u>	Value of Transactions between Council and the Trust are:-	<u>2007</u>
	<u>Revenue</u>	
746,000	Operating Grants	1,122,000
72,000	Council Trust Accounts	-
25,317	Other	10,503
<u>843,317</u>		<u>1,132,503</u>
	<u>Expenditure</u>	
-	Council Trust Accounts (Central One, Lease & Expenses)	56,820
43,017	Purchase of Goods and Services	35,235
<u>43,017</u>		<u>92,055</u>

These services were supplied on normal commercial terms.

Waitakere Properties Limited

	<u>Revenue</u>	
<u>58,956</u>	Rent and staff/management services	<u>112,191</u>
	<u>Expenditure</u>	
-	Purchase of Goods and Services	<u>150</u>

These services were supplied on normal commercial terms.

WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 15(Continued)

Key Management Personnel and Trustees

During the 2006 year the Trust purchased consultancy services from Mr Taha Fasi operating under the company name of Taha Fasi Company LTD.
 Mr Taha Fasi is a Board member of the Trust.(Resigned 14 December 2006)

<u>2006</u>		<u>2007</u>
37,320	Taha Fasi Company Limited	-
<u>37,320</u>	TOTAL	<u>Nil</u>

These services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised for impairment of receivables from related parties (2006 nil).

NOTE 16

Significant Events After the Balance Date

No significant events occurred after balance date.

NOTE 17

Categories of financial assets and liabilities

<u>Loans and receivables</u>		
300,014	Cash and cash equivalents	371,274
220,015	Trade and other receivables	182,095
<u>520,029</u>	Total loans and receivables	<u>553,369</u>
<u>Financial liabilities measured at amortised cost</u>		
212,896	Trade and other payables	309,345
<u>212,896</u>	Total financial liabilities measured at amortised cost	<u>309,345</u>

NOTE 18

Financial Instrument risk

The Trust has policies to manage risks associated with financial instruments. The Trust is risk adverse and seeks to minimise exposure from its treasury activities. The Trust has established borrowing and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

The interest rates on the Trust's on call deposits are disclosed in note 5 and on the Trust's borrowing note 3.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its borrowings and short-term bank deposits.

WAITAKERE ENTERPRISE TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Trust to cash flow interest rate risk.

The Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements.

The Trust currently has no variable interest rate debt or investments.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is not exposed to currency risk, as it does not enter into foreign currency transactions.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust's investment policy limits the amount of credit exposure to any one institution.

The Trust has processes in place to review the credit quality of customers prior to the granting of credit.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 5) and trade receivables (note 6). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Trust has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specific credit ratings.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The trust aims to maintain flexibility in funding by keeping committed credit line available.

In meeting its liquidity requirements, the Trust maintains a target level of investments that must mature within specified timeframes.

The Trust manages its borrowings in accordance with its borrowing policy.

The maturity profiles of the Trust's interest bearing on call deposits and borrowings are disclosed in note 3 and 5.



WAITAKERE ENTERPRISE TRUST BOARD

STATEMENT OF SERVICE PERFORMANCE

For

1 July 2006 to 30 June 2007

OVERVIEW

Enterprise Waitakere, is a Council Controlled Charitable Trust. The business of the Trust is to undertake initiatives that accelerate the sustainable economic growth of Waitakere. Activities include investment and expert facilitation, industry and skills development, business information, mentoring and training, annual business awards, community economic development and foundation employment skills training. This Statement of Service Performance details performance against measures set in the 2006 / 07 Statement of Intent.

PERFORMANCE MEASURES AND PERFORMANCE REPORT

Objective	Activity	Performance sought by 30 June 2007	Performance to 30 June 2007
1. Grow local economic opportunity	In partnership with Council, advocate the needs of the Waitakere City economy and forge the necessary strategic alliances to realise them	<p>>85% satisfaction of Enterprise Waitakere's advocacy performance by Council partners through a contribution to:</p> <ul style="list-style-type: none"> • Long Term Council and Community Plan • Economic Development Coordination Team • Regional Business Location Strategy work <p>Participation in the Auckland Regional Economic Development Agency network and the Economic Development Agency of New Zealand</p>	Exceeded. 90% satisfaction



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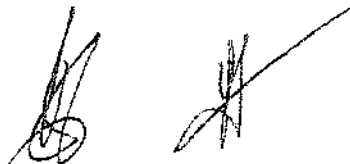


Objective	Activity	Performance sought by 30 June 2007	Performance to 30 June 2007
3. Grow strategic sectors and places	Foster the development of high growth potential sectors in which Waitakere has a current or potential competitive advantage	Development programmes for 4 industry sectors established and implemented	Met Screen production, tourism and export education programmes established and implemented. 175 film applications processed against an annual expectation of 140. Marine MRI approved Funding to Sustainable Business Network
	Support Council's town centre development programme	>90% overall satisfaction of support to Council's town centre development programme by Council's town centre staff	Measured as part of Objective 1

Objective	Activity	Performance sought by 30 June 2007	Performance to 30 June 2007
4. Grow the value of trade and investment	Leverage Waitakere's sister city relationships to drive business growth	5 businesses or sector organisations participate in a trade relationship with Ningbo, including at least 2 new from 2005	Exceeded. 14 organisations from 2 strategic sectors on a trade mission to China and Korea, 9 new from 2006. 4 inbound trade delegations hosted with Council with 14 organisations participating locally.
	Attract new investment to Waitakere and grow the value of current investors	40 investment clients facilitated with >85% satisfaction with the service from respondent clients Establish key client relationships with 50 of Waitakere's large businesses	Exceeded. 48 clients facilitated in 06/07. Satisfaction not measured. Progressed. 37 A-list relationships established with a further 15 potential businesses identified and being assessed.

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Objective	Activity	Performance sought by 30 June 2007	Performance to 30 June 2007
5. Grow the economic participation of youth, Maori, Pacific, migrant and local communities	Provide foundation skills youth training	80% occupancy and 70% achievement of positive outcomes for students	Mixed. 58% occupancy and 50% positive outcomes in year to Dec. 2006. 62% occupancy as at 30 June 2007 with 73% positive outcomes Jan-June 2007.
	Provide foundation level ESOL training	80% occupancy and 70% achievement of positive outcomes for students 3 year NZQA Quality Audit cycle maintained	Mixed. 90% occupancy and 70% positive outcomes in year to Dec. 2006 100% occupancy as at 30 June 2007 with 78% positive outcomes Jan - June 2007 Exceeded. 5 year Charter approval achieved. (maximum possible) 3 year NZQA Quality Audit cycle current. (maximum possible)
	undertake specific initiatives within the Maori, pacific and local communities	Maori economic development activity initiated Community economic development activity initiated Maori and Pacific Youth participating in TrainSmart's youth and alternative education programmes exceeds Tertiary Education Commission targets	Met. Directly delivered Maori Trustee Training and over \$100,000 of Youth Training to Maori students. Met. Community enterprise and Project Twin Streams implementation Initiated. Exceeded. Maori participation 45% in 2006 Pacific participation 15% in 2006



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Objective	Activity	Performance sought by 30 June 2007	Performance to 22 June 2007
c. Grow awareness, understanding & organisational effectiveness of Enterprise Wairakere	Implement the organisation's Communication Strategy	Increase awareness of Enterprise Wairakere and its services by 10% above 2005 levels	Exceeded. Spontaneous awareness increased 85% Total awareness (spontaneous + prompted) increased 23%
	Establish Enterprise Wairakere as an employer of choice	Employee retention: rate exceeds 85% for Enterprise Wairakere and 75% for TrainSmart	Mixed. WE Central retention 9/10 90% TrainSmart retention 7/11 62%
	Invest in technology that enables employees to exceed performance targets	Staff satisfaction with technology provided exceeds 90%	Exceeded. 100% staff satisfaction
	Establish professional office accommodation	Staff satisfaction with office accommodation meeting business needs exceeds 90%	Exceeded. 95% staff satisfaction
	Implement Quality Management Systems	Quality Management Systems continuously improved and updated	Met. TrainSmart's QMS implementation a specific part time role.

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**WAITAKERE PROPERTIES LIMITED
& ASSOCIATED TRUST ACCOUNTS**

FIRST QUARTER REPORT

to

30 September 2007

PURPOSE OF THE REPORT

This report presents the company's Financial Statements attached at pages[] for the three month period ending 30 September 2007 (balance date is 30 June) and financial statements for each trust account, along with a brief synopsis of activities.

Waitakere Properties Limited presents detailed financial information together with a formal Report on Operations at the completion of each half-year and full year period.

BACKGROUND

Waitakere Properties Limited is 100% owned by Waitakere City Holdings Limited which is in turn 100% owned by the Waitakere City Council. Waitakere Properties Limited was set up to perform and facilitate property development on behalf of the City. Waitakere Properties Limited is required by its Statement of Corporate Intent to report quarterly, through the parent company, to Council.

STRATEGIC CONTEXT

Waitakere Properties Limited assists the Council in meeting its strategic outcomes by undertaking and facilitating property development activities in Waitakere facilitating economic development and managing properties held for future strategic reasons.

WAITAKERE PROPERTIES LIMITED

The financial statement shows a net profit of \$42,900, for the three months ended 30 September 2007. This is slightly below the year-to-date budget due to lower billings which will reverse over the next nine months. The company, as a commercial taxpayer, budgets for a small profit each year in the vicinity of \$25,000.

In addition to the development and management activities undertaken for Council under the trust structure, the company is receiving consulting income Prime West (the studio joint venture company) for assistance with its property operations and for time spent by Greg Parker as a director. The company is also assisting Council with development planning at major strategic locations

such as New Lynn and Wilsher Village where commercial property knowledge is required, at minimal cost to Council.

A new staff member, Nicole Humphries, joined the company to take responsibility for the property management activities and assist in development planning. Overall we continue to run a small team of three supported by Waitakere Enterprise's accountant and administrative team.

DEEDS OF TRUST – PROJECT REPORTS

Waitakere Central

Central One

As reported in March 2007, construction of the first office building 'Central One' was completed in January 2007 and the first tenants took occupation in February. At that time we had leased 37.7% of the property over a period of 18 months highlighting the difficulty of pre-leasing office space in a suburban market. Significant effort has continued to be put into marketing, signage and leasing of this space and we are pleased to report that the building is now 87% leased and we are negotiating with tenants on an additional 6% of space. In essence, following completion, 50% of the building leased in 6 months at good rentals proving the risk taken by Council at WPL's request to fund the construction of this building was correctly assessed.

Central One – Leasing Status

Status	Retail	Office	Total
Leased	316.2	1766.2	2082.4
Letter of Offer	147	0	147
Projects Exploring	0	0	0
No Interest	155.9	0	155.9
Total Leaseable Area	619.1	1,766.2	2,385.3
Leased % of space	51%	100%	87%

The office tenancies in this building are now fully leased at an average rate of \$224/m². The average lease term is 6 years.

The total rent flow from the current leased space, once tenants are all in occupation in early 2008 is as follows:

	Central One	Carparking
Rental Income	\$536,579	\$74,880
Cost (to date, exd land)	\$6,352,663	\$126,270
Interest Rate	7%	7%
Interest Charge	\$444,686	\$8,839
Surplus	\$91,892	\$66,041

Thus, the building will fully fund the interest on the construction cost and return a surplus to the trust account, effectively reflecting the land value that sits in the trust account.

The overall feasibility of Central One remains intact should we wish to sell the building. Capitalisation rates for quality investments with good leases remain underpinned by the strong demand for real estate assets from superannuation funds. The theoretical feasibility, including a land cost component and allowing for future costs to finish leasing and fitout of vacant space is shown below:

Waitakere Central: Central One

Feasibility Summary

Rental Income		
Base Rental	\$585,282	7.50%
Fitout Rental	\$42,540	10%
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Total Rental	\$627,822	
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Total Value @		\$8,229,153
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Development Cost		\$7,583,590
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Surplus		\$645,563

A capitalisation rate of 7% increases the profitability to in excess of \$1,000,000.

Central Two

The second building, Central Two is in a pre-development marketing phase. Construction of this building will complete the feel of the civic square but it is subject to the same constraints that faced Central one – the lack of tenants prepared to sign lease agreements two years before the building is complete. We have good interest from non office tenants (gym, pub and childcare) but require a 1,000 square metre office tenant to allow us to reasonably seek funding for this project from Council.

Consolidated Trust Account Financials

Revenue received for the three month period was \$65,006 primarily from rentals at Central One. Expenditure totalled \$224,694 as continued fitout work was underway for tenants at Central one. The expenditure is within the budgeted amount for tenant works at Central One and the overall development expenditure planned in the feasibility study.

The net deficit for the quarter was \$159,688 reflecting the development expenditure.

We expect one or two more quarters of development expenditure for Central one as the final tenant fitout work is completed and then this trust account will provide a positive cash flow to Council.

Henderson Valley Studios

The studios have continued to attract international films to Waitakere with the independent Korean film leasing the property from July for 6 months.

Income for the three month period was \$387,963 (budget \$93,110) and expenses \$480,646 (budget \$301,350) resulting in a cash deficit of \$92,683. A large portion of the expenditure (\$460,010) relates to the professional fees paid to consultants for the construction of the new studio. These monies will be reimbursed by the receipt of the NZTE grant.

In early October, Prime West Ltd, the joint venture between WCC and Tony Tay Group, settled on the property and commenced operations as the new owner of Henderson Valley Studios. WPL remains closely involved in ensuring the success of the studios with Ross Jewell chairing Prime West, the asset owning company, and Greg Parker chairing Prime West Management, the management company. John Worley, a WPL employee, continues to run the day to day operations on site.

Following completion of the building and the settlement Council received a \$4 million distribution from the trust account and NZTE paid in \$888,888 via the Major Regional Initiative grant.

This trust account will be closed before the end of this financial year once all final invoices have been paid. We are forecasting a distribution in excess of \$750,000 to Council from this trust account in addition to the \$6,000,000 already distributed from the sale proceeds.

The investment in, upgrade of and attraction of private sector funding to the film studios can be regarded as a hugely successful undertaking by Council, Waitakere Enterprise and Waitakere Properties. A key piece of infrastructure was retained by the City for a strategically important industry, operated commercially and has made good financial returns. We hope to replicate this success with other key industries, such as super yachts at Hobsonville.

Hobsonville

WPL has been working on the Hobsonville Marine Precinct development for some time and the trust account was created in June 2007 upon the purchase by Council of the initial 12 hectares of land zoned for marine development.

Expenditure of \$45,615 was incurred, primarily relating to consultant costs as we develop the master plan for the precinct. We expect to complete the master plan and feasibility by early 2008. Following that a comprehensive development plan will be submitted to secure resource consent.

WPL is giving consideration to the development, ownership and funding for this project due to its importance and scale. We anticipate a preliminary report to Council in December 2007 and a fuller report in March 2008.

One other risk remains the appeals to the plan change under the MUL with North Shore City Council being the only major objector to the marine precinct.

51-65 Keeling Rd

The completion of this industrial brownfields redevelopment at Keeling Road has been delayed by the consenting process. However, civil works finally commenced in this quarter and are due to be complete in early 2008 with titles issuing and the sold sections settling before the end of this financial year.

Income (primarily rents) of \$140,737 has been received year to date, slightly below budget as the purchaser at 65 Keeling Road was late moving in and one month rent was waived. Expenses at \$375,459 are below budget (\$893,999) due to the construction programme being behind schedule.

Lots 5, 8, and 9 have been sold and upon title issuing the trust account will receive the sales proceeds of \$2.8 million. The trust account deficit will be cleared and approximately \$1.0 million returned to Council. The investment properties and front two lots will be marketed once titles issue and further distributions made upon the sale of those properties.

This development will return a small surplus to Council once complete. Other benefits received are the redevelopment of a run down industrial site, the release of industrial land to market allowing local businesses to grow, and \$600,000 in development levies

Harbour View

All properties are sold and the Board of WPL is reviewing the Harbour View trust account status.

Totara Avenue Shops

During the quarter to September 30, in accordance with our policy of securing control of all tenancies in this property we allowed the travel agency to relinquish their lease. This shop has been relet to WCC for two years.

Income of \$33,397 (budget \$38,476) has been received with the variance due to the two month vacancy of the travel agency. Expenditure totalled \$15,908 (budget \$18,699) resulting in an operating surplus of \$17,489.

Expenditure is being kept to a minimum on this site pending redevelopment options, however we have incurred some costs to ensure that the buildings are safe, have fire evacuation plans and are waterproof.

We are progressing with two rent reviews and aim to have this property available for redevelopment in conjunction with the double tracking at New Lynn.

Green Bay (Godley Road)

This property incurred a small deficit of \$255 for the three month period, lower than previous periods following an increase in rental rates in early 2007. The two dwellings remain let to residential tenants.

We continue to attempt to secure the immediate neighbouring property to allow a major residential development to occur.

New Lynn (Ambrico Place)

The New Lynn trust account has incurred a deficit of \$15,930 (being rates and management fees) for the three month period.

The Richwill Group continue to progress their development plans on site for an apartment block and we expect them to lodge for resource consent before the end of the year.

Hugh Brown Carpark

A concept plan for the Hugh Brown carpark has been developed showing a mixed-use development of apartments and townhouses. This is currently on hold as other sites are secured in New Lynn and the final use for this site is determined.

The trust account incurred a deficit of \$15,306 (being rates and management fees) as no income is being received.

Other Activities

WPL is master planning a redevelopment of Wilsher Village to allow Council to secure new units at minimal cost of a private retirement village quality. We anticipate a full report to Council in March 2008 including funding options, JV possibilities and full design reports.

WPL is also assisting in the town centre planning for New Lynn working with Infratril to prepare a concept plan for the air rights above the new rail station and current bus terminal, extending into Council and WPL owned land.