



Annual Report 2022

 INVERCARGILL
AIRPORT

Bright lights in the southern skies



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The Directors have approved for issue the financial statements of Invercargill Airport Limited for the year ended 30 June 2022.



G Lilly
Chairman



A Hercus
Director

For and on behalf of the Board of Directors
1 November 2022



Directory

Directors who held office during the year ended 30 June 2022

G Lilly - Chairman

J Green (until 31 October 2021)

J George

A Hercus

P Halstead (from 1 November 2021)

Management

Mr N Finnerty - Chief Executive

Registered Office

C/- Invercargill City Council

101 Esk Street

Invercargill 9810

Physical Address

106 Airport Avenue

Invercargill

Phone (03) 218 6367

Fax (03) 218 6939

Postal Address

PO Box 1203

Invercargill 9840

Auditor

Audit New Zealand

Dunedin

Bankers

Westpac

Solicitors

AWS Legal

80 Don Street

Invercargill 9810

Statutory Information

Directors' Remuneration

Invercargill Airport Limited	\$
G Lilly (Chairman)	52,000
J George	26,000
J Green	8,200
A Hercus	26,000
P Halstead	17,800

There was no remuneration or other benefits paid to Directors during the year for any of the following:

- Compensation for loss of office.
- Guarantees given by the Company for debts incurred by a Director.

Directors' Interests

Invercargill Airport Limited maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2022.

Grant Lilly

Director.....	Aviation Tourism Investments and Consulting Limited
Chair.....	Hanmer Springs Thermal Pools and Spa
Director.....	New Zealand Experience Limited
Director.....	Rainbows End Theme Park Limited
Director.....	Raumati Investments Limited
Director.....	Search and Rescue Services Limited
Director.....	Rotorua Regional Airport Limited

Alastair Hercus

Partner.....	Buddle Findlay
Commissioner.....	Toka Tū Ake EQC
Chair.....	Co-operative Life Limited
Chair.....	MBIE Risk and Advisory Committee
Trustee.....	MG Charitable Trust

Jane George

Director.....	AG Foley Limited
Director.....	Jane George Consulting
Director.....	Delta Utility Services Limited

Prue Halstead

Executive Officer..	Invest South GP Limited
Board Member.....	COIN South Incorporated
Director.....	Mainland Angel Investors Incorporated
Director/.....	The Planter Limited
Shareholder	
Executive	Angel Association of New Zealand
Committee	
Member	

Use of Company Information by Directors

No Director of the Company has disclosed, used or acted on information that would not otherwise be available to a Director.

Shareholding by Directors

No Director has an interest in any of the Company shares held, acquired or disposed of during the year.

Directors' and Officers' Indemnity Insurance

The Company has insured all its Directors and Executive Officers against liabilities to other parties that may arise from their positions.

Employees' Remuneration

Two employees of the Company received remuneration and other benefits of \$100,000 or greater during the year.

\$000	No. of employees
180-190	1
110-120	1

Auditors' Remuneration

Audit fees for the Company totalled \$36,616. Details of fees payable are contained in Note 1.

Recommended Dividend

Due to essential capital expenditure commitments the Directors are not recommending the payment of a dividend.



Executive Report

Invercargill Airport Limited Chairman's Report, 30 June 2022

We are pleased to report on the performance of Invercargill Airport Limited for the financial year that ended on 30 June 2022, the twenty fifth year of trading for the Airport Company.

It has been another busy and challenging year for the Airport. As with almost every business in New Zealand, COVID 19 has impacted our operations across the year, but fortunately not to the extent we experienced in 2021. We are pleased to confirm that the bounce back in activity that we saw starting in mid-2021 continued as we witnessed confidence to travel domestically grow, and businesses learned to live with, and work around, all the impacts of COVID.

Health, safety and compliance continues to be a critical focus for the Airport. It is pleasing to report that the Airport continued to meet all its regulatory responsibilities to the highest standards, passed all its audit and review processes, and had no serious safety events during the year. Whilst COVID tested us again, the systems and processes we developed in the previous lockdowns proved robust and we continue to operate a safe and compliant Airport. The health and safety of our staff through this period was a top priority. The Airport remained open and operational through all restriction levels with our people on site every day. With our entire team focused on keeping themselves, and everyone else working on and visiting our site, safe, we are pleased to report that we had no lost time or serious injuries over the year.

2021/22 was a very turbulent year for travel, not only in New Zealand, but across the world. As the year progressed, we saw restrictions begin to reduce and air travel again begin to open up. Southland benefited from this with a very strong "bounce" as routes opened up, people travelled to visit friends and relatives, and people started to take domestic travel breaks again. Flight numbers quite quickly returned to near pre COVID levels, the Invercargill to Auckland jet restarted and remained very

popular. Load factors on all routes grew quickly. By the end of June 2022 we were back to near "normal" again.

Southland appeals as a destination of choice for many New Zealanders, and as a gateway to the wider lower South Island. The region's attractiveness as a trekking, touring, cycling, and unique great outdoors playground, continues to grow. Additionally, the rapid redevelopment and diversification of Southland's economy, and of Invercargill City with the Invercargill Central rebuild, a growing population, new hotels, and general business reactivation, has all helped drive strong demand for air travel to and from Invercargill.

Rakiura Stewart Island continues to be a new destination of choice for New Zealanders looking to travel and explore. The Island had another great year, and Stewart Island Flights have been busier than ever ferrying both locals and visitors back and forth through Invercargill Airport.

These trends have resulted in an increasing number of passengers through the Airport as the year progressed. We have had 277,081 passenger movements through our terminal in the year under review. Whilst that is still down on previous peaks, on an annualised basis we are near to pre Covid volumes. Our financial performance for the year continued to show stability, with revenues of \$5.5 million and a pre-tax profit of \$355,000 before investment property revaluations. The company had targeted for revenues of \$5.7 million and a pre-tax profit of \$243,000, and so despite some sharp impacts from periods of Covid restrictions to travel, the actual results are encouraging and reassuring.

Operationally it was a year of two halves with the first 6 months focused on responding to the requirements and impacts of COVID, and the second half focused on ramping up to our normal tempo of operations. The jet continued to grow in popularity and is now again operating five days

a week, increasing Southland's connectivity to our biggest city, and beyond. Passenger security screening for jet services was enhanced with the introduction of Advanced Imaging Technology (AIT) (body scanner) equipment into our passenger screening lane. The new generation fire appliance we have on order will equip the Airport to the standard and capability we need for the mix and volume of aircraft and services we now have at Invercargill Airport. Its build in Austria has progressed well over the year and the appliance has now completed its acceptance trials and has arrived into New Zealand. It will be on station before the time of our AGM.

A very pleasing feature of our growth in the year has been the introduction and success of a number of flightseeing services by Air Milford over the summer months, allowing passengers unparalleled access to the wonders of Fiordland National Park, the Catlins, and around Rakiura. We have also seen an increase in the number of private jets wanting to use and stay at our Airport.

Much has been done to continue to upgrade and improve the core aeronautical facilities and capabilities of Invercargill aerodrome, but much more work, and investment, is needed to prepare for the forecast freight and passenger travel needs of the city and region. Management and the Board are very focused on getting the right plans in place to respond to these needs, and to be prepared for, and to facilitate, future demand. We completed a full review of our masterplan during the year, and it now presents a dynamic picture of our future Airport.

Whilst meeting aeronautical needs is our primary focus and responsibility, we are also well aware of the opportunities to maximise the value of having an Airport site that is in close proximity to the city, and to diversify our site and business to meet wider commercial and community needs. We have a pipeline of development projects being contemplated, and these opportunities will be a focus for the company in the medium term.

Near the end of the financial year our Chief Executive, Nigel Finnerty, tendered his resignation, after six years in the role. Nigel left in mid-August 2022. The Board thanks Nigel for his significant contribution to the success and development of the Airport over this quite remarkable period of growth and development, and wishes him every success in the future. The Airport Company has recruited

Stuart Harris as our new Chief Executive, starting in the role on the 31st of October 2022, ahead of our scheduled AGM.

In October 2021 John Green completed his third term as a Director, having completed a total of 10 years on the Board. John has contributed enormously to the significant and successful development of the Airport, and I extend a very heartfelt vote of thanks to John from all who have worked with him during that time. Prue Halstead joined the Board in November 2021.

It remains for the Board to thank a number of very important partners and stakeholders in our Airport operations. Firstly, our Airport staff team for their commitment and professionalism over a unique and at times very challenging year of operations. Also, our aviation and travel partners, the scheduled airlines, our general aviation companies, our rental vehicle partners, and all the other people and firms who help us deliver service on a day by day, passenger by passenger, basis. The Board would like to acknowledge and thank our shareholders and our many wider community stakeholders, for their continued support of our journey to becoming New Zealand's leading full service Regional Airport, with a thriving Airport community connecting Southland to the world.

It has been a very challenging and exciting time for all of us at the Airport, and we look forward to a bright future.



G Lilly
Chairman
Invercargill Airport Ltd

Statement of Financial Position

AS AT JUNE 30, 2022

	NOTE	2022 \$000	2021 \$000
ASSETS			
Current assets			
Cash and cash equivalents		1,754	4,341
Trade and other receivables	5	550	459
Inventories		6	5
Total current assets		2,310	4,805
Non-current assets			
Property, plant and equipment	6	16,357	17,839
Investment property	7	5,505	5,170
Capital work in progress		1,389	71
Total non-current assets		23,251	23,080
Total assets		25,561	27,885
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,296	346
Retentions		49	49
Employee benefit liabilities	9	127	124
Tax payable		321	370
Total current liabilities		1,793	889
Non-current liabilities			
Deferred tax liability	10	654	825
Total non-current liabilities		654	825
Total liabilities		2,447	1,714
EQUITY			
Share capital	11	12,325	15,920
Retained earnings	11	6,259	5,721
Additional paid in capital	11	4,530	4,530
Total equity attributable to the equity holders of the company		23,114	26,171
Equity is attributable to:			
Parent entity	11	21,316	24,387
Minority interest	11	1,798	1,784
		23,114	26,171

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.

Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 \$000	2021 \$000
INCOME			
Aircraft movement and terminal charges		3,708	3,387
Ground transportation		737	699
Rental income		724	736
Sundry income		364	333
Change in fair value of investment property		335	970
Total income		5,868	6,125
EXPENDITURE			
Employee expenses	2	1,252	1,178
Depreciation	6	1,761	1,772
Other expenses	1	2,162	1,684
Total operating expenditure		5,175	4,634
Finance income	3	2	5
Finance expenses	3	(5)	-
Net finance expense		(3)	5
Operating profit / (loss) before tax		690	1,496
Income tax expense	4	152	228
Profit / (loss) after tax		538	1,268
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		538	1,268
Total comprehensive income attributable to:			
Parent entity		524	1,232
Minority interest		14	36
		538	1,268

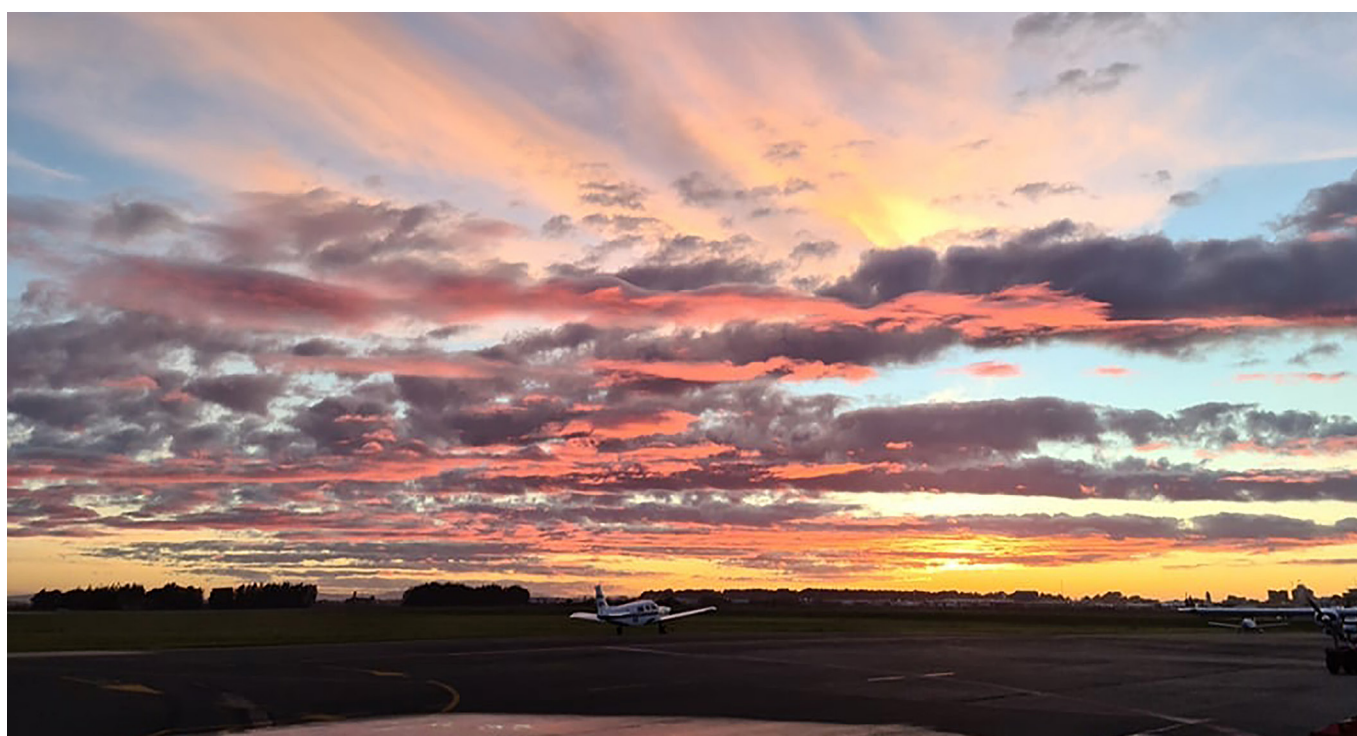
The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.

Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 \$000	2021 \$000
BALANCE AT 1 JULY		26,171	24,903
Total Comprehensive Income for the year	11	538	1,268
Contributions from Shareholders			
Shares issued and paid up	11	6,000	-
Redeemable preference shares issued and paid up	11	970	-
Distributions to Shareholders			
Redeemable preference shares redeemed	11	(10,565)	-
BALANCE AT 30 JUNE		23,114	26,171
Attributable to:			
Parent entity		21,316	24,387
Minority interest		1,798	1,784
BALANCE AT 30 JUNE		23,114	26,171

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.



Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,392	4,787
Interest received	2	5
Payments to suppliers and employees	(3,326)	(2,752)
Interest paid	(5)	-
Income tax (paid) / refund	(301)	10
Subvention payment	(70)	(357)
Goods and services tax [net]	(23)	111
Net cash from operating activities	1,669	1,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of work in progress	(422)	-
Purchase of property, plant and equipment	(239)	(147)
Net cash from investing activities	(661)	(147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity (share issue)	6,970	-
Proceeds from borrowings	350	-
Redemption of shares	(10,565)	-
Repayment of borrowings	(350)	(842)
Net cash from financing activities	(3,595)	(842)
Net (decrease) / increase in cash and cash equivalents	(2,587)	815
Cash and cash equivalents at the beginning of the year	4,341	3,526
Cash and cash equivalents at the end of the year	1,754	4,341

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.

RECONCILIATION OF NET PROFIT/(LOSS) TO NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES

	2022	2021
	\$000	\$000
Reconciliation with reported operating profit		
Net profit after tax	538	1,268
Add/(deduct) non-cash items		
Depreciation	1,761	1,772
Change in fair value of investment property	(335)	(970)
Increase/(decrease) in deferred taxation	(170)	(149)
Impairment of trade receivables	51	49
Loss of disposal of property, plant and equipment	10	17
	1,317	719
Add/(less) movements in working capital:		
(Increase)/decrease in prepayments	(15)	5
(Increase)/decrease in receivables	(142)	(371)
(Increase)/decrease in inventories	(1)	3
Increase/(decrease) in accounts payable and accruals	43	38
Increase/(decrease) in GST/taxation	(71)	142
	(186)	(183)
Net cash inflow (outflow) from operating activities	1,669	1,804

RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the liabilities arising from financing activities can be classified as follows:

	SHORT-TERM	LONG-TERM	TOTAL
	BORROWINGS	BORROWINGS	\$000
	\$000	\$000	
1 July 2021	-	-	-
Cashflows			
Proceeds	350	-	350
Repayments	(350)	-	(350)
Non-Cash			
Reclassification	-	-	-
30 June 2022	-	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

REPORTING ENTITY

Invercargill Airport Limited (the Company) is a company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is 97.47% owned by Invercargill City Holdings Limited. Hokonui Research and Development Ltd, Waihōpai Rūnaka Holdings Ltd, Te Rūnaka O Awarua Charitable Trust and Ōraka-Aparima Rūnanga Incorporated Society each hold 0.63% of the share capital.

The Company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

The primary objective of the Company is to operate the Invercargill Airport and associated assets. Accordingly, the Company has designated itself as a profit orientated entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the year ended 30 June 2022 were approved and authorised for issue by the Board of Directors on 1 November 2022. The entity's directors do not have the right to amend the financial statements after issue.

BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (NZ IFRS RDR).

The Company is a Tier 2 for-profit entity and has elected to report in accordance with the NZ IFRS Reduced Disclosure Regime on the basis that it does not have public accountability and is not a large for-profit public sector entity.

The accounting policies that have been applied to these financial statements are based on the

External Reporting Board A1, Accounting Standards Framework (For-profit Entities Update).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated. The functional currency of the Company is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

REVENUE

Revenue is recognised as the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer.

Aircraft movement and terminal charges are recognised over time as the passenger travels or uses the airport facilities and the Company provides the service to the customer.

Car parking revenue is earned by charging customers a fee for the use of the airport carpark. The revenue earned is recognised over time as the service is used.

Rent and lease income is recognised on a straight line basis over the term of the lease.

Interest income is recognised using the effective interest method.

Sundry income is recognised over time as the Company provides the goods or services to the customer.

GOVERNMENT GRANTS

Government grants related to assets are recognised by deducting the grant in arriving at the carrying amount of the asset when they become receivable, unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation the grant is initially recorded as grants received in advance and then recognised as a deduction to the asset when the conditions of the grant are satisfied.

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

CAPITAL WORK IN PROGRESS

Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is not depreciated.

IMPAIRMENT OF ASSETS

The carrying amounts of the Company's assets, other than investment property, are reviewed at each balance date to determine whether there is any indication that an asset may be impaired. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss and any subsequent reversal are recognised in the Statement of Comprehensive Income. If an impairment loss is reversed, the carrying value of the asset is stated at no more than what its carrying value would have been had the earlier impairment not occurred.

GOODS AND SERVICES TAX (GST)

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.

BORROWINGS

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

Borrowings are included as non-current liabilities except for those with maturities less than 12 months from the reporting date, which are classified as current liabilities.

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Company makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. These estimates and assumptions may differ from the subsequent actual results. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates, assumptions and critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows. In particular, estimates and assumptions have been used in the following areas:

Determination of the recoverable amount of assets

There are estimates and judgements made to determine the fair value of investment property. These are discussed in Note 7. The most sensitive assumption on the valuation is that one hangar will be demolished within the next year and the other hangar within the next two years (2021: both within the next two years).

For 2022, due to the impact of COVID-19 on air travel and global supply chains around the world creating high inflation and a rising interest rate environment in New Zealand and globally, an impairment assessment was carried out.

The following major inputs and assumptions were adopted:

- The forecast free cash flows reflect the charges determined following the 2022 aeronautical pricing consultation with airline customers.

- Expected revenues reflect expected passenger numbers and other contractual revenues.
- The weighted average cost of capital (WACC) used ranges from 5.6% to 7.16% (2021: 4.51% to 5.91%) depending on the asset class.

The assessment indicated that the value of property, plant and equipment was not impaired. The assessment is sensitive to the WACC applied. An impairment arises if the WACC for all asset classes is increased by any amount more than 7.87% (resulting in an average WACC of 14.02%).

NEW STANDARDS ADOPTED

There have been no new standards adopted during the financial year.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period except for those arising from the adoption of the new standards. All accounting policies have been consistently applied throughout the period covered by these financial statements.

COVID-19 PANDEMIC

The recovery from the 2021 lockdowns has been a lot quicker than anticipated due to the strength of domestic travel. Domestic passenger numbers are now showing signs of recovery back to pre COVID-19 levels. The Company continues to monitor the risks and ongoing impacts from COVID-19 on the business.



1. OTHER EXPENSES (INCLUDES)

	2022	2021
	\$000	\$000
Director fees	130	115
Net loss/(gain) on sales of property, plant and equipment	10	17
Auditor's remuneration to Audit New Zealand comprises:		
· audit of financial statements	37	37
· cost recovery for the 2020 financial statements audit	-	13
· cost recovery for the 2021 financial statements audit	5	-

	2022	2021
	\$000	\$000
2. EMPLOYEE EXPENSES		
Wages and salaries	1,219	1,145
Defined contribution expenses	33	33
Total employee expenses	1,252	1,178

During the 2022 year the Company received the Government's COVID-19 wage subsidy totalling \$38,400 (2021:\$57,576). This has been netted against staff costs.

	2022	2021
	\$000	\$000
3. FINANCE INCOME AND EXPENSE		
Finance Income		
Interest income on bank deposits	2	5
Total finance income	2	5
Financial expense		
Interest expense on financial liabilities measured at amortised cost	(5)	-
Total financial expenses	(5)	-
Net finance costs	(3)	5

4. INCOME TAX EXPENSE

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

	2022	2021
	\$000	\$000
CURRENT TAX EXPENSE		
Current period	323	377
Total current tax expense	323	377
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	(171)	(149)
Total deferred tax expense	(171)	(149)
Total income tax expense	152	228
RECONCILIATION OF EFFECTIVE TAX RATE		
Profit for the year	690	1,496
Permanent differences	-	-
Profit excluding income tax	690	1,496
Tax at 28%	193	418
Non-taxable income	-	(238)
Deferred tax adjustment	(41)	48
Under/(over) provided in prior periods	-	-
Total income tax expense	152	228
Effective Tax Rate	22%	15%

The current tax expense is calculated on the assumption that tax losses of \$325,755 (2021: nil) will be transferred from Invercargill City Holdings Limited by subvention payment of \$91,211 (2021:nil) and loss offset of \$234,544 (2021:nil).

5. 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 expected credit losses.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

	2022	2021
	\$000	\$000
Trade receivables	231	217
Less allowance for expected credit losses	(100)	(49)
Accrued revenue	404	291
Prepayments	15	-
Total trade and other receivables	550	459

Trade receivables are non-interest bearing and are generally on terms of 30 days. For terms and conditions relating to related party receivables, refer to Note 12.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

As at 30 June, the ageing analysis of trade receivables is, as follows:

	TOTAL \$000	NEITHER PAST DUE NOR IMPAIRED \$000	PAST DUE BUT NOT IMPAIRED <30 DAYS \$000	PAST DUE BUT NOT IMPAIRED >30DAYS \$000
2022	231	16	32	183
2021	217	55	39	123

6. PROPERTY, PLANT AND EQUIPMENT

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

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, the date of transition to NZ IFRS are measured on the basis of deemed cost, being the revalued amount at the date of transition.

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 Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

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 Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on all property, plant and equipment other than land, 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:

- | | |
|--|--|
| (a) Buildings | 3%-19.2% Straight Line |
| (b) Furniture and Fittings | 9.6%-30% Diminishing Value and
6%-30% Straight Line |
| (c) Plant | 8%-50% Diminishing Value and
6%-40% Straight Line |
| (d) Crash Fire Vehicle, other vehicles,
tractors and mowing equipment | 10%-15.6% Diminishing Value and
10%-25% Straight Line |

(e) Other Airport Assets

- Runway, Apron and Taxiway (Base-course and sub-base) 3% Straight Line
- Top Surface (Runway) 8.3% Straight Line
- Top Surface (Apron and Taxiway) 6.7% Straight Line
- Roads, car parks, fencing and stop banks 1%-30% Straight Line

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

2022 (\$000)	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES			CURRENT YEAR ADDITIONS - COST	CURRENT YEAR DISPOSALS - COST	CURRENT YEAR DISPOSALS - DEPRECIATION	CURRENT YEAR DEPRECIATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES		
	COST	CARRYING AMOUNT	CARRYING AMOUNT					COST	IMPACT	CARRYING AMOUNT
	1 July 2021							30 June 2022		
Land	509	-	509	-	-	-	-	509	-	509
Carpark and fencing	4,268	1,481	2,787	48	-	-	166	4,316	1,647	2,669
Runway, apron and taxiway	14,974	9,977	4,997	-	-	-	829	14,974	10,806	4,168
Terminal and buildings	7,256	1,292	5,964	-	-	-	217	7,256	1,509	5,747
Plant and equipment	1,209	755	454	65	10	10	85	1,264	830	434
Motor vehicles	273	201	72	108	40	26	31	341	206	135
Furniture and fittings	5,332	2,276	3,056	72	-	-	433	5,404	2,709	2,695
Total assets	33,821	15,982	17,839	293	50	36	1,761	34,064	17,707	16,357
	1 July 2020							30 June 2021		
Land	509	-	509	-	-	-	-	509	-	509
Carpark and fencing	4,284	1,313	2,971	2	18	5	173	4,268	1,481	2,787
Runway, apron and taxiway	14,974	9,148	5,826	-	-	-	829	14,974	9,977	4,997
Terminal and buildings	7,256	1,075	6,181	-	-	-	217	7,256	1,292	5,964
Plant and equipment	1,197	653	544	23	11	10	112	1,209	755	454
Motor vehicles	273	191	82	-	-	-	10	273	201	72
Furniture and fittings	5,210	1,847	3,363	127	5	2	431	5,332	2,276	3,056
Total assets	33,703	14,227	19,476	152	34	17	1,772	33,821	15,982	17,839

7. INVESTMENT PROPERTY

Land is held by the Company for long term strategic purposes as guided by the Master Plan and is not held for resale.

Investment properties are land and buildings that are not occupied by the Company and is held for long term rental yield, where the Company intends to maximise the return on the land and buildings.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Comprehensive Income.

	2022	2021
	\$000	\$000
Balance at 1 July	5,170	4,200
Change in fair value	335	970
Balance at 30 June	5,505	5,170

The Company's investment properties are valued annually at fair value effective 30 June. For 2022 and 2021, all investment properties were valued based on the income approach and comparable sales approach except for two properties being less than 5% of the portfolio value. One of these properties is planned to be replaced within the next year and the other is planned to be replaced within the next two years (2021: both properties in the next two years), hence the open market evidence valuation has been adjusted by management to be valued on a discounted cashflow basis of their remaining expected earnings. The 2022 and 2021 valuations were performed by Robert Todd, an independent valuer from TelferYoung from CBRE. The valuer is an experienced valuer who holds a recognised and relevant professional qualification and has extensive market knowledge in the types of investment properties owned by the Company.

8. TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are non-interest bearing and are normally settled within 30 day terms.

	2022	2021
	\$000	\$000
Trade payables	72	12
Accrued expenses	1,132	213
GST payable	85	107
Income in advance	7	14
Total trade and other payables	1,296	346

9. EMPLOYEE BENEFIT LIABILITIES

Short-Term Benefits

Employee benefits that the Company 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.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income as incurred.

	2022	2021
	\$000	\$000
Accrued pay	30	25
Annual leave	97	99
	127	124
Comprising:		
Current	127	124
Non-current	-	-
Total employee benefit liabilities	127	124

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities	Recognised in:			EQUITY BALANCE
	BALANCE	PROFIT	OR LOSS	
	1 July			
	2021			
	\$000	\$000	\$000	30 June
				2022
				\$000
Property, plant and equipment	505	(203)	-	302
Investment property	356	33	-	389
Trade payables and accruals	(36)	(1)	-	(37)
Total movements	825	(171)	-	654

Recognised deferred tax assets and liabilities	Recognised in:			EQUITY BALANCE
	BALANCE	PROFIT	OR LOSS	
	1 July			
	2020			
	\$000	\$000	\$000	30 June
				2021
				\$000
Property, plant and equipment	687	(182)	-	505
Investment property	322	34	-	356
Trade payables and accruals	(35)	(1)	-	(36)
Total movements	974	(149)	-	825

11. EQUITY

	Attributable to equity holders of the Company					
	SHARE CAPITAL	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	TOTAL	MINORITY INTEREST	PARENT INTEREST
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2020	15,920	4,530	4,453	24,903	1,748	23,155
Profit / (loss) after tax	-	-	1,268	1,268	36	1,232
Balance at 30 June 2021	15,920	4,530	5,721	26,171	1,784	24,387
Balance at 1 July 2021	15,920	4,530	5,721	26,171	1,784	24,387
Profit / (loss) after tax	-	-	538	538	14	524
Contributions from Shareholders						
Shares issued and paid up	6,000	-	-	6,000	-	6,000
Redeemable preference shares issued and paid up	970	-	-	970	-	970
Distributions to Shareholders						
Redeemable preference shares redeemed	(10,565)	-	-	(10,565)	-	(10,565)
Balance at 30 June 2022	12,325	4,530	6,259	23,114	1,798	21,316

The Company has 9,324,560 ordinary shares issued and fully paid at \$1.00 and 49,868,679 ordinary shares issued and fully paid at \$0.06. All ordinary shares, whether called or uncalled, have equal voting rights and have no par value.

At 30 June 2022 there were no RPS on issue (2021: 9,595,308). Each share has a par value of \$1 and is redeemable by the board of the Company giving a 30 day redemption notice. The RPS carry a preferential dividend entitlement, do not carry voting rights and carry an optional interest entitlement on redemption at a rate equal to 5% above the ninety (90) day Bank Bill Settlement Rate. The RPS rank ahead of the ordinary shares in the event of a liquidation. The redemption is only at the discretion of Invercargill Airport Limited (the issuer). The holders of the RPS do not have the option to demand redemption of the RPS face value. As Invercargill Airport Limited does not have a present obligation to redeem the shares the RPS have been classified as an equity instrument.

On 29 July 2021 the Company issued a redemption notice in relation to the redeemable preference shares (RPS) on issue and the RPS were redeemed on 13 August 2021.

The Company issued a further 6,000,000 ordinary shares at \$1.00 on 13 August 2021.

12. RELATED PARTY TRANSACTIONS

The Company is 97.47% owned by Invercargill City Holdings Limited and its ultimate parent is the Invercargill City Council.

	2022	2021
	\$000	\$000
(a) Invercargill City Holdings Limited		
Expenditure		
Provision of services	154	60
Interest paid	5	-
Subvention payment	70	-
Loss offset	180	-
Loans repaid / (drawdown)	-	842
(b) Invercargill City Council		
Revenue		
Provision of services	2	-
Expenditure		
Provision of services	66	101
Subvention payment	-	357
Loss offset	-	918
(c) Powernet Limited		
Revenue		
Provision of services	11	1
Expenditure		
Provision of services	-	-

No related party transactions have been written off or were forgiven during the 2022 year (2021: nil).

Key management personnel include the Directors and Chief Executive. Short-term employment benefits consists of salaries and does not include any costs for the following: post-employment benefits, other long-term benefits and termination benefits as they are not provided by the Company.

	2022	2021
	\$000	\$000
Key management personnel compensation comprises:		
Short term employment benefits	183	177
Directors fees	130	115

13. CAPITAL COMMITMENTS AND OPERATING LEASES

	2022	2021
	\$000	\$000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.	117	1,172

Operating leases as lessor

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income over a straight-line basis over the period of the lease.

The Company leases its investment property under operating leases. Standard lease terms have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2022	2021
	\$000	\$000
Non-cancellable operating leases as lessor		
Not later than one year	307	478
Later than one year and not later than five years	668	1,026
Later than five years	40	147
Total non-cancellable operating leases	1,015	1,651

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

Operating leases as lessee

The Company does not have any operating leases where it is the lessee (2021: Nil).

14. CONTINGENCIES

There are no other contingent liabilities or assets at 30 June 2022 (2021:Nil).

During the 2020 year the Company received a \$500,000 grant from the Provincial Growth Fund. The grant was in recognition that Air New Zealand was to commence a 12 month pilot of scheduled jet services from Auckland to Invercargill on 25 August 2019 and the Company needed to rapidly deliver urgent airside and non-airside upgrades to handle the scheduled jet services.

A contingency for repayment exists for a 10 year term from 31 October 2019 if the Company either:

- sells, disposes or transfers the asset, without the Ministry's prior written consent; or
- the asset will no longer be used for the purpose intended.

15. EVENTS AFTER THE BALANCE SHEET DATE

After balance date, the Company entered into a non-cancellable contract to resurface its runway extensions at a cost of approximately \$2.1 million. The agreement is not included in Note 13 Capital Commitments because it was entered into after balance date.

There have been no other significant events after balance date.

16. FINANCIAL INSTRUMENTS

• Receivables

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

• Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value.

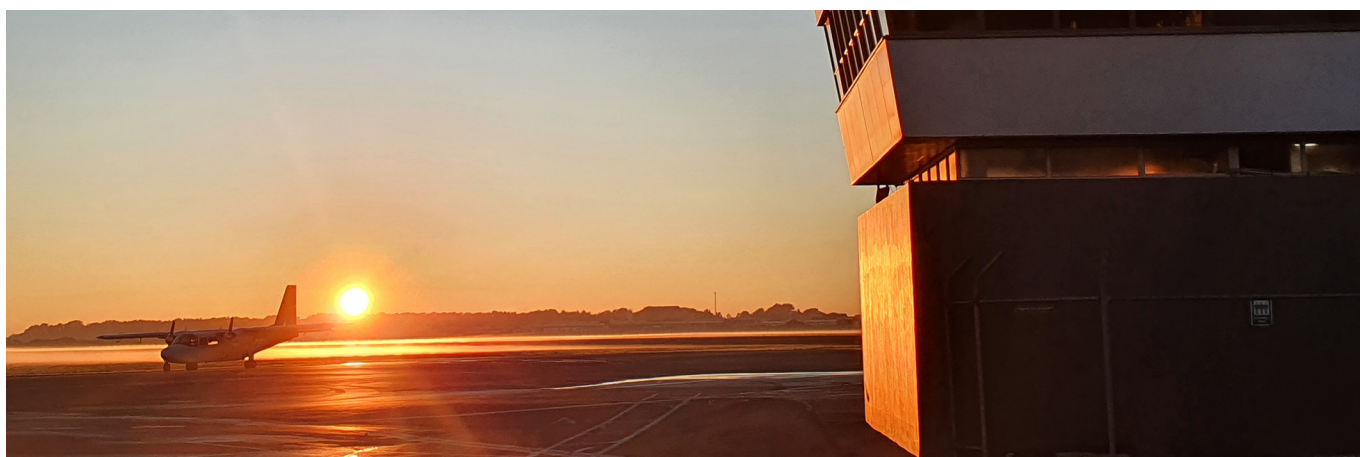
• Trade and Other Payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

• Borrowings

Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at least 12 months after the balance date.



Statement of Service Performance

FOR THE YEAR ENDED JUNE 30, 2022

The Statement of Service Performance for Invercargill Airport Limited prepared for the year ended 30 June 2022 sets a number of financial performance measures. The targets and the Company's achievement, as reported under International Financial Reporting Standards, in relation to those targets are set out in the following table.

FINANCIAL	ACTUAL	TARGET
	2022 \$000	2022 \$000
Net Profit before Tax (NPBT)	690	243
Interest (net)	(3)	112
Net Profit before Interest and Tax (NPBIT)	687	355
Total Assets	25,561	25,774
EBIT %	2.69%	1.38%
Passenger numbers	277,081	353,444
Percentage of Equity to Total Assets		
Total Equity	23,114	21,684
Total Assets	25,561	25,774
TOTAL EQUITY/TOTAL ASSETS	90.43%	84.13%

*Passenger numbers target was not shown in the Statement of Intent. These are the numbers used for budgeting purposes.



NON FINANCIAL:

Safety

- **ZERO LOST TIME INJURIES FOR STAFF ACHIEVED**
There were no lost-time injuries to IAL employees over the reporting period. The year was challenging with several lockdown and restarts of the operation due to COVID. These all went safely with staff completely engaged in returning to full operation quickly and safely. A new safety oversight and management role, the Safety and Facilities Coordinator, was established during the year. This role will lead our safety culture across the entire business.

- **A RISK REVIEW IS CONDUCTED ANNUALLY ACHIEVED**
The business has continued to focus on reducing risk across the Airport, with a particular focus on those caused by COVID. Our Pandemic Plan was reviewed several times which helped us reduce the impacts COVID had on our operations.

The review of the risk register is part of the Board annual work plan. The risk register was discussed at the board meeting January 2022.

An audit programme is in place with an external safety auditor incorporating reviews of IAL operations. Successful Safety Management System (SMS) and Regulatory Compliance reviews were completed during the year.

Health and Safety and the Airport's SMS continue to be the primary risk focus area for IAL. Health, Safety and User Group meetings occurred across the year. Our month-long Health, Safety and Compliance deep dives continued during the year with focuses on the higher risk aspects of the business.

- **COMPLETION RATE FOR PRIORITY 1 (P1) SAFETY AND HEALTH ACTIONS ACHIEVED WITHIN THE DEFINED TIME PERIODS ACHIEVED**
There was one Priority One incident at the Airport in 2022. On the 2nd of January, a small sink hole developed off the edge of the 04 runway after previous work on underground drainage pipes. The runway length was reduced, and the hole was repaired. Safety of aircraft was not at risk and operations were not impacted. The hole was repaired quickly.

Environmental

- **NO NOTIFIABLE ENVIRONMENTAL INCIDENTS ON AIRPORT MANAGED PROPERTY ACHIEVED**
There were no notifiable environmental incidents recorded at the Airport over the year.

Operations

- **RETAIN AERODROME CERTIFICATION VIA ASSESSMENT FROM THE CIVIL AVIATION AUTHORITY ACHIEVED**
Whilst operations were significantly disrupted by COVID during the year, the Airport remained compliant with our certificate requirements. We continued to use external consultants to review and confirm compliance with our exposition over the year.

Infrastructure

- **NO SIGNIFICANT DISRUPTION TO AIRPORT OPERATIONS DUE TO INFRASTRUCTURE FAILURE ACHIEVED**
There have been no significant disruptions to Airport operations due to IAL owned or managed infrastructure failures. The condition of the airside sealed surfaces was assessed, and some minor maintenance completed. A project to resurface the 2004 Runway Extensions was started and will complete in November 2022.

Audit Report

Independent Auditor's Report

To the readers of Invercargill Airport Limited's financial statements and statement of service performance for the year ended 30 June 2022

The Auditor-General is the auditor of Invercargill Airport Limited (the Company). The Auditor-General has appointed me, Chris Genet, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 9 to 25, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Company on pages 26 to 27.

In our opinion:

- the financial statements of the Company on pages 9 to 25:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand's equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance of the Company on pages 26 to 27 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2022.

Our audit was completed on 1 November 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material

misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of service performance.

For the target information reported in the statement of service performance, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 8, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



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