



Annual Report 2023



INVERCARGILL
AIRPORT



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The Directors have approved for issue the financial statements of Invercargill Airport Limited for the year ended 30 June 2023.



G Lilly
Chairman



P Halstead
Director

For and on behalf of the Board of Directors
7 September 2023

Directory

Directors who held office during the year ended 30 June 2023

G Lilly - Chairman
J George
A Hercus
P Halstead

Management

Mr N Finnerty - Chief Executive
(until 19 August 2022)
Mr G Lilly - Acting Chief Executive
(from 20 August 2022 to 30 October 2022)
Mr S Harris - Chief Executive (from 31 October 2022)

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)	54,000
J George	27,000
A Hercus	27,000
P Halstead	27,000

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. This is a requirement under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2023.

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
Chair.....	Bus and Coach Association of New Zealand

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
Director.....	Fonterra Shareholders' Fund

Director and Shareholder.....	Budfin Nominees Limited
Director.....	Mid-Town Agency Services Limited
Director.....	Fingard Investments Limited
Director.....	Fingard Investments Auckland Limited
Director.....	Capital Agency Services

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 and Shareholder.....	The Planter Limited
Executive Committee	Angel Association of New Zealand
Shareholder.....	Alexandra Building Limited
Shareholder.....	23 Yarrow Limited
Shareholder.....	Antrim 767 Limited
Shareholder.....	Bluff Services Limited
Director and Shareholder.....	The Plant Store

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

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

\$000	No. of employees
180-190	1
140-150	1
130-140	1

Auditors' Remuneration

Audit fees for the Company totalled \$52,000. Details of fees payable are contained in Note 1.

Dividend

A dividend of \$269,000 was paid during the year.



Executive Report

Invercargill Airport Limited Chairman and Chief Executive's Report, 30 June 2023

We are pleased to report on the performance of Invercargill Airport Limited for the financial year that ended on 30 June 2023, the twenty sixth year of trading for the Airport Company.

This year has been an important one for the Airport Company as it has now had a full year without significant impact from Covid, and whilst mask restrictions were in place for travellers in the early part of this year, they were not a major deterrent to travel and passenger numbers through Invercargill Airport for this financial year have recovered strongly and exceeded all previous years.

Looking forward, the Airport envisions a need for growth and development to provide for expansion of both aeronautical and non-aeronautical aspects of our business.

Invercargill and Southland are continuing to appeal to domestic and international travellers alike. Both Air New Zealand and Stewart Island Flights had record years in terms of passenger numbers through Invercargill Airport. The synergy between the Auckland-Invercargill nonstop jet flight and Stewart Island Flights is visible, especially in the summer when arriving passengers from the jet are seen soon after departing for Rakiura Stewart Island. Similarly, Fiordland and the Hump Ridge Track, the Catlins, Te Anau, and Milford Sound, enjoyed popularity for visitors, and the continued return to New Zealand of international visitor numbers and cruise ship traffic bodes well for the future. Southland's events were well attended (Burt Munro Festival, Tour of Southland), but the Bluff Oyster Festival did not go ahead again this year which was disappointing.

Stewart Island Flights not only had a record year for passenger numbers, they were also voted New Zealand's most-loved airline by S-Money in March 2023.

Invercargill again attracted a selection of private jets (domestic and international), along with multiple Air Force visits. This included a farewell from their outgoing P 3 Orion and the first visit from its successor the Boeing P-8 Poseidon.

Overall passenger numbers for the year were 375,000, which is up 15% on the previous record

(year ending June 2019). This growth drove a strong financial performance, with revenues of \$8.27m and a net profit after tax of \$1.4m. This is up from \$5.9m income and \$538k profit in the previous year. Last year Invercargill Airport was able to pay, for the first time, a dividend of \$269,000 to its shareholders, and the company is now targeting to continue to pay dividends when it earns profits, in line with its dividend policy. Pleasingly, the company ended the financial year without any debt, putting it in a strong position to fund the considerable capital works that have been earmarked to address the demands of future growth and development.

IAL was contracted by the Ministry of Transport to revise operational and management documentation for Milford Sound Piopiotahi Aerodrome. This Aerodrome was required by CAA to become certificated to a higher level and IAL spent much of this past year working with the Ministry, operators, and stakeholders to obtain the required certification. This was achieved on 1 August 2023, following which IAL has now taken over operational management of Milford Aerodrome for the MOT.

February 2023 saw the completion of resurfacing of the two main runway "extensions" added some years back to increase the runway length. This project involved milling off 1100 tonnes of asphalt and replacing with 3500 tonnes of new asphalt. This new asphalt included 5% crushed local glass, sourced from around 800,000 glass bottles. The milled material was not wasted. It has been stockpiled at the Airport, for use on an upgraded perimeter road. The reseal project was completed over 8 nights, without impacting flight schedules. Before each morning's flights the new asphalt was swept of debris and freshly painted. Most passengers never knew it happened.

Connectivity of the city and Airport were improved with the completion of a new cycleway along Airport Ave. This connects with the cycleways along the Waihopai River (including the trail to Bluff) and towards Otatara. The Airport supplemented this work by building an updated bike stand and assembly area with tools, which is being well used by cycle tourists in particular.

IAL has completed and submitted documentation for our ACERT level 1 accreditation, and is now looking ahead to the level 2 accreditation and also Toitu level 1 accreditation. Planning is underway to creating electric vehicle charging infrastructure at the Airport. This would enable the expansion of the rental car fleets to include EVs, as well as providing some charging for public and staff users. IAL is also seeking effective options for creating solar power from the extensive roof area available at the Airport.

The main carpark was resurfaced in early 2023 to remediate deterioration. The opportunity was used to reconfigure underutilised areas and gain an additional 45 parking spaces. The carpark became full a couple of times in the weeks preceding Christmas, and so ongoing expansion and improvements are being planned. Further additional parking has been created for rental cars, which freed up further space in the main carpark.

Our dedicated airport rescue fire team underwent a major restructuring this year to improve its capabilities, professionalism, and career potential for the staff. We created a new role for an Operations Lead (effectively a fire chief) in August 2022, and introduced numerous changes to our training and development pathways to improve the professionalism of the fire service, introducing new uniforms, a revised rank structure, and structured training programmes. These changes have improved morale substantially, have increased the quality of new recruits and improved staff retention.

IAL took delivery this year of a new Rosenbauer Panther fire appliance, our first new appliance for many years, and the size of the machine necessitated modifications to the fire station.

A series of significant development projects have been worked on in the planning stages through the year, in preparation for physical work commencing later in 2023 calendar year. Details of these projects will be announced soon, and they will add important breadth to the capabilities on offer at our Airport, and create valuable additional non-aeronautical (i.e., non-passenger) revenue for the business. Our old Hangar 2 was demolished to make way for some of these projects. We appointed a dedicated fulltime Projects Manager in April 2023 to provide leadership for these works, ensure their timely delivery, and provide expertise for other bigger developments on the horizon. This will include further expansion of our main terminal building to cope with forecast growth in flight and passenger numbers, as well as Aviation Security requirements for upgraded equipment and facilities.

The Directors of IAL were unchanged through this year. The composition of the Board provides strong balance of skills and backgrounds and ensures

IAL management is well supported in its activities, and that the shareholders, community, and all stakeholders are well served by the city's Airport facility.

Nigel Finnerty concluded his time as our Chief Executive in August 2022, after six years in the role. The board thanks Nigel for his contribution, especially for his leadership through the implementation of the jet services and through the Covid pandemic.

Stuart Harris commenced as Chief Executive in October 2022. He has settled in quickly and is providing great leadership to the business especially in preparing for the major development projects planned, and in getting the new Milford Sound management contract underway and progressing the important changes in the fire service as mentioned earlier.

It is pleasing to be able to report that the Airport operated in the year under review without any significant incidents or occurrences, aviation or otherwise, without any work-related lost time injuries, and met all its required regulatory and compliance related targets and requirements. There have been no major or high-risk findings from any of our various review and audit processes.

It remains for the Board to thank several very important partners and stakeholders in our Airport operations. Firstly, our Airport staff team for their commitment and professionalism over a year in which a new normal has emerged from the Covid downturn. 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 rewarding seeing the Airport set new record passenger numbers and we are excited by the growth and opportunities which are planned over the coming years.



G Lilly
Chairman
Invercargill Airport Ltd



S Harris
Chief Executive
Invercargill Airport Ltd

Statement of Financial Position

AS AT JUNE 30, 2023

	NOTE	2023 \$000	2022 \$000
ASSETS			
Current assets			
Cash and cash equivalents		719	1,754
Trade and other receivables	5	753	550
Inventories		6	6
Total current assets		1,478	2,310
Non-current assets			
Property, plant and equipment	6	18,286	16,357
Investment property	7	5,830	5,505
Capital work in progress		510	1,389
Total non-current assets		24,626	23,251
Total assets		26,104	25,561
LIABILITIES			
Current liabilities			
Trade and other payables	8	641	1,296
Retentions		49	49
Employee benefit liabilities	9	169	127
Tax payable		468	321
Total current liabilities		1,327	1,793
Non-current liabilities			
Deferred tax liability	10	488	654
Total non-current liabilities		488	654
Total liabilities		1,815	2,447
EQUITY			
Share capital	11	12,325	12,325
Retained earnings	11	7,434	6,259
Additional paid in capital	11	4,530	4,530
Total equity attributable to the equity holders of the company		24,289	23,114
Equity is attributable to:			
Parent entity	11	22,462	21,316
Minority interest	11	1,827	1,798
		24,289	23,114

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, 2023

	NOTE	2023 \$000	2022 \$000
INCOME			
Aircraft movement and terminal charges		5,338	3,708
Ground transportation		1,208	737
Rental income		985	724
Sundry income		411	364
Change in fair value of investment property		325	335
Total income		8,267	5,868
EXPENDITURE			
Employee expenses	2	1,621	1,252
Depreciation	6	1,784	1,761
Other expenses	1	2,895	2,162
Total operating expenditure		6,300	5,175
Finance income	3	14	2
Finance expenses	3	(8)	(5)
Net finance expense		6	(3)
Operating profit / (loss) before tax		1,973	690
Income tax expense	4	529	152
Profit / (loss) after tax		1,444	538
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		1,444	538
Total comprehensive income attributable to:			
Parent entity		1,408	524
Minority interest		36	14
		1,444	538

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, 2023

	NOTE	2023 \$000	2022 \$000
BALANCE AT 1 JULY		23,114	26,171
Total Comprehensive Income for the year	11	1,444	538
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)
Dividends paid	11	(269)	-
BALANCE AT 30 JUNE		24,289	23,114
Attributable to:			
Parent entity		22,462	21,316
Minority interest		1,827	1,798
BALANCE AT 30 JUNE		24,289	23,114

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, 2023

	2023	2022
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	7,793	5,392
Interest received	14	2
Payments to suppliers and employees	(4,148)	(3,326)
Interest paid	(8)	(5)
Income tax (paid) / refund	(225)	(301)
Subvention payment	(323)	(70)
Goods and services tax [net]	(128)	(23)
Net cash from operating activities	2,975	1,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of work in progress	(1)	(422)
Purchase of property, plant and equipment	(3,740)	(239)
Net cash from investing activities	(3,741)	(661)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity (share issue)	-	6,970
Proceeds from borrowings	780	350
Redemption of shares	-	(10,565)
Repayment of borrowings	(780)	(350)
Dividends paid	(269)	-
Net cash from financing activities	(269)	(3,595)
Net (decrease) / increase in cash and cash equivalents	(1,035)	(2,587)
Cash and cash equivalents at the beginning of the year	1,754	4,341
Cash and cash equivalents at the end of the year	719	1,754

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

	2023	2022
	\$000	\$000
Reconciliation with reported operating profit		
Net profit after tax	1,444	538
Add/(deduct) non-cash items		
Depreciation	1,784	1,761
Change in fair value of investment property	(325)	(335)
Increase/(decrease) in deferred taxation	(166)	(170)
Impairment of trade receivables	-	51
Loss of disposal of property, plant and equipment	4	10
	1,297	1,317
Add/(less) movements in working capital:		
(Increase)/decrease in prepayments	(10)	(15)
(Increase)/ decrease in receivables	(148)	(142)
(Increase)/ decrease in inventories	-	(1)
Increase/ (decrease) in accounts payable and accruals	373	43
Increase/ (decrease) in GST/taxation	19	(71)
	234	(186)
Net cash inflow (outflow) from operating activities	2,975	1,669

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 BORROWINGS	LONG-TERM BORROWINGS	TOTAL
	\$000	\$000	\$000
1 July 2022	-	-	-
Cashflows			
Proceeds	780	-	780
Repayments	(780)	-	(780)
Non-Cash			
Reclassification	-	-	-
30 June 2023	-	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2023

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 2023 were approved and authorised for issue by the Board of Directors on 7 September 2023. 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 but no decision has been made on its replacement (2022: one hangar will be demolished within the next year and the other hangar within the next two years).

For 2023, due to the impact of 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 2024 Aeronautical Charges Review.

- Expected revenues reflect expected passenger numbers and other contractual revenues.
- The weighted average cost of capital (WACC) used ranges from 7.04% to 8.48% (2022: 5.6% to 7.16%) 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 2.87% (resulting in an average WACC of 10.38%).

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.



1. OTHER EXPENSES (INCLUDES)

	2023	2022
	\$000	\$000
Director fees	135	130
Net loss/(gain) on sales of property, plant and equipment	4	10
Auditor's remuneration to Audit New Zealand comprises:		
· audit of financial statements	52	37
· cost recovery for the 2021 financial statements audit	-	5

	2023	2022
	\$000	\$000
2. EMPLOYEE EXPENSES		
Wages and salaries	1,583	1,219
Defined contribution expenses	38	33
Total employee expenses	1,621	1,252

During the 2023 year the Company did not receive the Government's COVID-19 wage subsidy (2022: \$38,400). In the 2022 year this was netted against staff costs.

	2023	2022
	\$000	\$000
3. FINANCE INCOME AND EXPENSE		
Finance Income		
Interest income on bank deposits	14	2
Total finance income	14	2
Financial expense		
Interest expense on financial liabilities measured at amortised cost	(8)	(5)
Total financial expenses	(8)	(5)
Net finance costs	6	(3)

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.

	2023	2022
	\$000	\$000
CURRENT TAX EXPENSE		
Current period	695	323
Total current tax expense	695	323
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	(166)	(171)
Total deferred tax expense	(166)	(171)
Total income tax expense	529	152
	2023	2022
	\$000	\$000
RECONCILIATION OF EFFECTIVE TAX RATE		
Profit for the year	1,973	690
Permanent differences	-	-
Profit excluding income tax	1,973	690
Tax at 28%	552	193
Non-taxable income	-	-
Deferred tax adjustment	(23)	(41)
Under/(over) provided in prior periods	-	-
Total income tax expense	529	152
Effective Tax Rate	27%	22%

The current tax expense is calculated on the assumption that tax losses of \$nil (2022: \$325,755) will be transferred from Invercargill City Holdings Limited by subvention payment of \$nil (2022: \$91,211) and loss offset of \$nil (2022: \$234,544).

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.

	2023	2022
	\$000	\$000
Trade receivables	284	231
Less allowance for expected credit losses	(98)	(100)
GST Receivable	43	-
Accrued revenue	499	404
Prepayments	25	15
Total trade and other receivables	753	550

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 >30 DAYS \$000
2023	284	50	27	207
2022	231	16	32	183

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%-67% Straight Line |
| (c) Plant | 8%-50% Diminishing Value and
5%-67% Straight Line |
| (d) Crash Fire Vehicle, other vehicles,
tractors and mowing equipment | 10%-15.6% Diminishing Value and
7%-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, carparks, 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.

2023 (\$'000)	1 July 2022							30 June 2023		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT	CURRENT YEAR ADDITIONS - COST	CURRENT YEAR DISPOSALS - COST	CURRENT YEAR DISPOSALS - DEPRECIATION	CURRENT YEAR DEPRECIATION	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT
Land	509	-	509	-	-	-	-	509	-	509
Carpark and fencing	4,316	1,647	2,669	161	-	-	170	4,477	1,817	2,660
Runway, apron and taxiway	14,974	10,806	4,168	2,081	-	-	852	17,055	11,658	5,397
Terminal and buildings	7,256	1,509	5,747	88	-	-	218	7,344	1,727	5,617
Plant and equipment	1,264	830	434	130	9	9	97	1,385	918	467
Motor vehicles	341	206	135	1,230	-	-	45	1,571	251	1,320
Furniture and fittings	5,404	2,709	2,695	27	7	3	402	5,424	3,108	2,316
Total assets	34,064	17,707	16,357	3,717	16	12	1,784	37,765	19,479	18,286
2021 (\$'000)	1 July 2021							30 June 2022		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT	CURRENT YEAR ADDITIONS - COST	CURRENT YEAR DISPOSALS - COST	CURRENT YEAR DISPOSALS - DEPRECIATION	CURRENT YEAR DEPRECIATION	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT
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

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.

	2023	2022
	\$000	\$000
Balance at 1 July	5,505	5,170
Change in fair value	325	335
Balance at 30 June	5,830	5,505

The Company's investment properties are valued annually at fair value effective 30 June. For 2023 and 2022, all investment properties were valued based on the income approach and comparable sales approach except for one property being less than 5% of the portfolio value. This property is planned to be demolished within the next year but no decision has been made on its replacement (2022: 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), 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 2023 and 2022 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

	2023	2022
	\$000	\$000
Trade payables	31	72
Accrued expenses	608	1,132
GST payable	-	85
Income in advance	1	7
Total trade and other payables	641	1,296

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.

	2023	2022
	\$000	\$000
Accrued pay	62	30
Annual leave	107	97
	<u>169</u>	<u>127</u>
Comprising:		
Current	169	127
Non-current	-	-
Total employee benefit liabilities	169	127

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities	Recognised in:			EQUITY BALANCE
	BALANCE	PROFIT	OR LOSS	
	1 July			
	2022			
	\$000	\$000	\$000	30 June
				2023
	\$000	\$000	\$000	\$000
Property, plant and equipment	302	(166)	-	136
Investment property	389	7	-	396
Trade payables and accruals	(37)	(7)	-	(44)
Total movements	654	(166)	-	488

Recognised deferred tax assets and liabilities	Recognised in:			EQUITY BALANCE
	BALANCE	PROFIT	OR LOSS	
	1 July			
	2021			
	\$000	\$000	\$000	30 June
				2022
	\$000	\$000	\$000	\$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

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 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

Balance at 1 July 2022	12,325	4,530	6,259	23,114	1,798	21,316
Profit / (loss) after tax	-	-	1,444	1,444	36	1,408
Distributions to Shareholders						
Dividends Paid	-	-	(269)	(269)	(7)	(262)
Balance at 30 June 2023	12,325	4,530	7,434	24,289	1,827	22,462

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.

12. RELATED PARTY TRANSACTIONS

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

	2023	2022
	\$000	\$000
(a) Invercargill City Holdings Limited		
Expenditure		
Provision of services	196	154
Interest paid	8	5
Subvention payment	118	70
Loss offset	303	180
Loans repaid / (drawdown)	-	-
(b) Invercargill City Council		
Revenue		
Provision of services	-	2
Expenditure		
Provision of services	103	66
Subvention payment	205	-
Loss offset	527	-
(c) Powernet Limited		
Revenue		
Provision of services	-	11
Expenditure		
Provision of services	-	-

No related party transactions have been written off or were forgiven during the 2023 year (2022: 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.

	2023	2022
	\$000	\$000
Key management personnel compensation comprises:		
Short term employment benefits	267	183
Directors fees	135	130

13. CAPITAL COMMITMENTS AND OPERATING LEASES

	2023	2022
	\$000	\$000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred.	85	117

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:

	2023	2022
	\$000	\$000
Non-cancellable operating leases as lessor		
Not later than one year	613	307
Later than one year and not later than five years	1,304	668
Later than five years	177	40
Total non-cancellable operating leases	2,094	1,015

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 (2022: Nil).

14. CONTINGENCIES

There are no other contingent liabilities or assets at 30 June 2023 (2022: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

There have been no 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, 2023

The Statement of Service Performance for Invercargill Airport Limited prepared for the year ended 30 June 2023 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
	2023 \$000	2023 \$000
Net Profit before Tax (NPBT)	1,973	1,217
Interest (net)	6	(131)
Net Profit before Interest and Tax (NPBIT)	1,979	1,348
Total Assets*	26,104	28,539
EBIT %	7.58%	4.72%
Passenger numbers	375,412	356,281
Percentage of Equity to Total Assets		
Total Equity	24,289	23,811
Total Assets	26,104	28,539
TOTAL EQUITY/TOTAL ASSETS	93.05%	83.43%

*Total assets are below target due to delayed capital expenditure which is scheduled to be progressed during 2024.



NON FINANCIAL:

Safety

- **ZERO LOST TIME INJURIES FOR STAFF**

ACHIEVED

There were no lost time injuries to staff related to the IAL workplace. IAL continues to advance safety in the workplace, reporting and addressing minor incidents and observations. Leaders within the business are ensuring the safety culture continues to grow positively.

- **BUSINESS CONTINUITY PLAN IS REVIEWED, UPDATED AND IMPLEMENTED**

ACHIEVED

The business continuity plan was updated by an external consultant, which was then presented to the Board at the October meeting. Further testing and implementation of features arising from that plan have been ongoing since that time to add further robustness to business continuity.

- **COMPLETION RATE FOR PRIORITY 1 (P1) SAFETY AND HEALTH ACTIONS ACHIEVED WITHIN THE DEFINED TIME PERIODS**

ACHIEVED

No Priority One incidents were recorded for the period.

Environmental

- **NO NOTIFIABLE ENVIRONMENTAL INCIDENTS ON AIRPORT MANAGED PROPERTY**

ACHIEVED

There were no notifiable environmental incidents on airport managed property in this period.

During demolition of hangar 2 there was discovery of historic ground contamination. Further work on this site has been paused while resolution of this contamination is adequately resolved.

Operations

- **RETAIN AERODROME CERTIFICATION VIA ASSESSMENT FROM THE CIVIL AVIATION AUTHORITY**

ACHIEVED

The Airport remains compliant with our CAA Rule 139 Certificate and expects a successful compliance audit in late 2023.

Infrastructure

- **NO SIGNIFICANT DISRUPTION TO AIRPORT OPERATIONS DUE TO INFRASTRUCTURE FAILURE**

ACHIEVED

No significant disruption to airport operations in the reporting period, caused by infrastructure.

During this period IAL resurfaced 500 linear metres of the main runway. This work was undertaken during routine overnight closures, which enabled it to be completed without any disruption to air traffic.

Sustainability

- **THE ACERT LEVEL 1 ACCREDITATION IS COMPLETED**

PARTIALLY ACHIEVED

Level 1 accreditation documentation was completed and submitted. However, the formal accreditation was not received by 30 June 2023.



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 2023

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 2023, 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 2023; 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 present 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 2023.

Our audit was completed on 7 September 2023. 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 3 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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