

# **Invercargill Airport Limited**

## **Interim Financial Statements**

**For the six months ended  
31 December 2022**



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## **Company Directory**

### **Directors who held office at 31 December 2022**

G Lilly - Chairman

A Hercus

J George

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

### **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

Auckland

### **Solicitors**

AWS Legal

80 Don Street

Invercargill

## **Statement of Accounting Policies**

### **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 (NZIFRS).

The financial statements of the Company are for the six month period ended 31 December 2022. The financial statements were authorised for issue by the Company on 3 February 2023. The Company'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, the Financial Reporting Act 2013 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 equivalent to International Financial Reporting Standards (NZ IFRS RDR). The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the New Zealand equivalents to International Accounting Standard (NZIAS) 34 as it applies to Tier 2 entities.

The accounting policies are consistent with those followed in the preparation of the Company's Financial Statements for the year ended 30 June 2022.

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.

**Statement of Financial Position**

As at 31 December 2022

|  | <b>Note</b> | <b>2022<br/>\$000</b> | <b>2021<br/>\$000</b> |
|--|-------------|-----------------------|-----------------------|
| <b>Assets</b>  |             |                       |                       |
| <b>Current assets</b>  |             |                       |                       |
| Cash and cash equivalents                                      | <b>5</b>    | 1,214                 | 988                   |
| Trade and other receivables                                    | <b>6</b>    | 848                   | 734                   |
| Inventories  |             | 6                     | 5                     |
| <b>Total current assets</b>                                    |             | <u>2,068</u>          | <u>1,727</u>          |
| <b>Non-current assets</b>                                      |             |                       |                       |
| Property, plant and equipment                                  | <b>7</b>    | 15,629                | 17,092                |
| Investment property  | <b>8</b>    | 5,505                 | 5,170                 |
| Construction work in progress                                  |             | 1,986                 | 365                   |
| <b>Total non-current assets</b>                                |             | <u>23,120</u>         | <u>22,627</u>         |
| <b>Total assets</b>  |             | <u><b>25,188</b></u>  | <u><b>24,354</b></u>  |
| <b>Liabilities</b>   |             |                       |                       |
| <b>Current liabilities</b>                                     |             |                       |                       |
| Trade and other payables                                       | <b>9</b>    | 471                   | 282                   |
| Retentions   |             | 49                    | 49                    |
| Employee benefit liabilities                                   | <b>10</b>   | 94                    | 114                   |
| Tax payable  |             | 376                   | 163                   |
| <b>Total current liabilities</b>                               |             | <u>990</u>            | <u>608</u>            |
| <b>Non-current liabilities</b>                                 |             |                       |                       |
| Borrowings   | <b>11</b>   | -                     | 350                   |
| Deferred tax liability   | <b>12</b>   | 564                   | 730                   |
| <b>Total non-current liabilities</b>                           |             | <u>564</u>            | <u>1,080</u>          |
| <b>Total liabilities</b>                                       |             | <u>1,554</u>          | <u>1,688</u>          |
| <b>Equity</b>  |             |                       |                       |
| Share capital  | <b>13</b>   | 12,325                | 12,325                |
| Retained earnings  | <b>13</b>   | 6,779                 | 5,811                 |
| Additional paid in capital                                     | <b>13</b>   | 4,530                 | 4,530                 |
| Total equity attributable to the equity holders of the company |             | <u>23,634</u>         | <u>22,666</u>         |
| <b>Total liabilities and equity</b>                            |             | <u><b>25,188</b></u>  | <u><b>24,354</b></u>  |

## Statement of Comprehensive Income

For the six months ended 31 December 2022

|   | Note | 2022<br>\$000 | 2021<br>\$000 |
|---|------|---------------|---------------|
| <b>Income</b>                                 |      |               |               |
| Operating revenue                             |      | 4,119         | 2,594         |
| Total income                                  |      | 4,119         | 2,594         |
| <b>Expenditure</b>                            |      |               |               |
| Employee expenses                             | 2    | 721           | 582           |
| Depreciation                                  | 7    | 886           | 872           |
| Other expenses                                | 1    | 1,387         | 984           |
| Total operating expenditure                   |      | 2,994         | 2,438         |
| Finance income                                | 3    | 6             | -             |
| Finance expenses                              | 3    | -             | 4             |
| Net finance expense                           |      | 6             | (4)           |
| <b>Operating surplus/(deficit) before tax</b> |      | 1,131         | 152           |
| Income tax expense                            | 4    | 342           | 62            |
| <b>Surplus/(deficit) after tax</b>            |      | <b>789</b>    | <b>90</b>     |
| <b>Other comprehensive income</b>             |      |               |               |
| Total other comprehensive income              |      | -             | -             |
| <b>Total comprehensive income</b>             |      | <b>789</b>    | <b>90</b>     |

## Statement of Movements in Equity

For the six months ended 31 December 2022

|   | Note | 2022<br>\$000 | 2021<br>\$000 |
|---|------|---------------|---------------|
| <b>Balance at 1 July</b>                |      | 23,114        | 26,171        |
| Total Comprehensive Income for the year | 13   | 789           | 90            |
| <i>Contributions from Shareholders</i>  |      |               |               |
| Shares issued                           | 13   | -             | 6,000         |
| <i>Distributions to Shareholders</i>    |      |               |               |
| Redeemable preference shares redeemed   | 13   | -             | (9,595)       |
| Dividends Paid                          | 13   | (269)         | -             |
| <b>Balance at 31 December</b>           |      | <b>23,634</b> | <b>22,666</b> |

## Statement of Cash Flows

For the six months ended 31 December 2022

|  | Note     | 2022<br>\$000  | 2021<br>\$000  |
|--|----------|----------------|----------------|
| <b>Cash flows from operating activities</b>                                  |          |                |                |
| Receipts from customers  |          | 3,807          | 2,304          |
| Interest and interest subsidy received                                       |          | 6              | -              |
| Payments to suppliers and employees  |          | (2,201)        | (1,594)        |
| Interest paid  |          | (1)            | (4)            |
| Income tax (paid) / refund   |          | (378)          | (364)          |
| Goods and services tax [net]   |          | 100            | (6)            |
| <b>Net cash from operating activities</b>                                    |          | <u>1,333</u>   | <u>336</u>     |
| <b>Cash flows from investing activities</b>                                  |          |                |                |
| Purchase of property, plant and equipment - Work in Progress                 |          | (1,391)        | (317)          |
| Purchase of property, plant and equipment                                    |          | (213)          | (127)          |
| <b>Net cash from investing activities</b>                                    |          | <u>(1,604)</u> | <u>(444)</u>   |
| <b>Cash flows from financing activities</b>                                  |          |                |                |
| Proceeds from borrowings   |          | -              | 350            |
| Shares issued  |          | -              | 6,000          |
| Redemption of preference shares  |          | -              | (9,595)        |
| Dividends Paid   |          | (269)          | -              |
| <b>Net cash from financing activities</b>                                    |          | <u>(269)</u>   | <u>(3,245)</u> |
| <b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b> |          | <u>(540)</u>   | <u>(3,353)</u> |
| Cash, cash equivalents and bank overdrafts at the beginning of the year      |          | 1,754          | 4,341          |
| <b>Cash, cash equivalents and bank overdrafts at the end of the period</b>   | <b>5</b> | <u>1,214</u>   | <u>988</u>     |

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

|  | 2022<br>\$000 | 2021<br>\$000 |
|--|---------------|---------------|
| <b>Reconciliation with reported operating surplus</b>      |               |               |
| Net surplus after tax                                      | 789           | 90            |
| <b>Add/(deduct) non-cash items:</b>                        |               |               |
| Depreciation   | 886           | 872           |
| Increase/(decrease) in deferred taxation                   | (90)          | (95)          |
| Increase/(decrease) in current years tax                   | -             | -             |
|  | <u>796</u>    | <u>777</u>    |
| <b>Add/(less) movements in working capital:</b>            |               |               |
| (Increase)/decrease in receivables                         | (313)         | (289)         |
| (Increase)/decrease in prepayments                         | 15            | -             |
| Increase/(decrease) in accounts payable and accruals       | (109)         | (29)          |
| Increase/(decrease) in GST/taxation                        | 155           | (213)         |
|  | <u>(252)</u>  | <u>(531)</u>  |
| <b>Net cash inflow (outflow) from operating activities</b> | <u>1,333</u>  | <u>336</u>    |

**Notes to the Financial Statements**

For the six months ended 31 December 2022

|  |              |              |
|--|--------------|--------------|
| <b>1 Other expenses (includes)</b>                                   | <b>2022</b>  | <b>2021</b>  |
|  | <b>\$000</b> | <b>\$000</b> |
| Director fees  | 68           | 62           |
| Auditor's remuneration to Audit New Zealand comprises:               |              |              |
| · audit of financial statements                                      | 20           | 20           |
| <b>2 Employee expenses</b>   | <b>2022</b>  | <b>2021</b>  |
|  | <b>\$000</b> | <b>\$000</b> |
| Wages and salaries   | 703          | 565          |
| Defined contribution expenses  | 18           | 17           |
| Total employee expenses  | <u>721</u>   | <u>582</u>   |
| <b>3 Finance income and expense</b>                                  | <b>2022</b>  | <b>2021</b>  |
|  | <b>\$000</b> | <b>\$000</b> |
| <b>Finance Income</b>  |              |              |
| Interest income on bank deposits                                     | 6            | -            |
| Total finance income   | <u>6</u>     | <u>-</u>     |
| <b>Financial expense</b>   |              |              |
| Interest expense on financial liabilities measured at amortised cost | -            | 4            |
| Total financial expenses   | <u>-</u>     | <u>4</u>     |
| Net finance costs  | <u>6</u>     | <u>(4)</u>   |
| <b>4 Income tax expense in the Income Statement</b>                  | <b>2022</b>  | <b>2021</b>  |
|  | <b>\$000</b> | <b>\$000</b> |
| <b>Current tax expense</b>   |              |              |
| Current period   | 432          | 157          |
| Total current tax expense  | <u>432</u>   | <u>157</u>   |
| <b>Deferred tax expense</b>  |              |              |
| Origination and reversal of temporary differences                    | (90)         | (95)         |
| Total deferred tax expense   | <u>(90)</u>  | <u>(95)</u>  |
| Total income tax expense   | <u>342</u>   | <u>62</u>    |



**Notes to the Financial Statements**

For the six months ended 31 December 2022

**Reconciliation of effective tax rate**

|                             | <b>2022</b>  | <b>2021</b>  |
|-----------------------------|--------------|--------------|
|                             | <b>\$000</b> | <b>\$000</b> |
| Profit for the year         | 1,131        | 152          |
| Permanent differences       | -            | -            |
| Profit excluding income tax | 1,131        | 152          |
| Tax at 28%                  | 317          | 43           |
| Deferred tax adjustment     | 25           | 19           |
| Total income tax expense    | 342          | 62           |
| Effective Tax Rate          | 30%          | 41%          |

**5 Cash and cash equivalents**

|  | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
|  | <b>\$000</b> | <b>\$000</b> |
| Cash and cash equivalents                                | 1,214        | 988          |
| Cash and cash equivalents in the statement of cash flows | 1,214        | 988          |

**6 Trade and other receivables**

|   | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| Trade receivables                         | 948          | 783          |
|   | 948          | 783          |
| Less allowance for expected credit losses | (100)        | (49)         |
|   | 848          | 734          |

**Notes to the Financial Statements**

For the six months ended 31 December 2022

**7 Property, Plant and Equipment**

**2022 (\$'000)**

|                         | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount | Current year additions - Cost | Current year disposals - Cost | Current year disposals - Depreciation | Current year depreciation | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount |
|-------------------------|-------------------|---|-----------------|-------------------------------|-------------------------------|---------------------------------------|---------------------------|-------------------|---|-----------------|
|                         | 1-Jul-2022        | 1-Jul-2022                                      | 1-Jul-2022      |                               |                               |                                       |                           | 31-Dec-2022       | 31-Dec-2022                                     | 31-Dec-2022     |
| Land                    | 509               | -   | 509             | -                             | -                             | -                                     | -                         | 509               | -   | 509             |
| Car parking and fencing | 4,316             | 1,647   | 2,669           | 122                           | -                             | -                                     | 85                        | 4,438             | 1,732   | 2,706           |
| Runways and taxiways    | 14,974            | 10,806  | 4,168           | -                             | -                             | -                                     | 418                       | 14,974            | 11,224  | 3,750           |
| Terminal and buildings  | 7,256             | 1,509   | 5,747           | -                             | -                             | -                                     | 110                       | 7,256             | 1,619   | 5,637           |
| Plant and equipment     | 1,264             | 830   | 434             | 33                            | -                             | -                                     | 48                        | 1,297             | 878   | 419             |
| Motor vehicles          | 341               | 206   | 135             | -                             | -                             | -                                     | 16                        | 341               | 222   | 119             |
| Furniture and fittings  | 5,404             | 2,709   | 2,695           | 3                             | -                             | -                                     | 209                       | 5,407             | 2,918   | 2,489           |
| Total assets            | 34,064            | 17,707  | 16,357          | 158                           | -                             | -                                     | 886                       | 34,222            | 18,593  | 15,629          |

**2021 (\$'000)**

|                         | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount | Current year additions | Current year disposals - Cost | Current year disposals - Depreciation | Current year depreciation | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount |
|-------------------------|-------------------|---|-----------------|------------------------|-------------------------------|---------------------------------------|---------------------------|-------------------|---|-----------------|
|                         | 1-Jul-2021        | 1-Jul-2021                                      | 1-Jul-2021      |                        |                               |                                       |                           | 31-Dec-2021       | 31-Dec-2021                                     | 31-Dec-2021     |
| Land                    | 509               | -   | 509             | -                      | -                             | -                                     | -                         | 509               | -   | 509             |
| Car parking and fencing | 4,268             | 1,481   | 2,787           | -                      | -                             | -                                     | 83                        | 4,268             | 1,564   | 2,704           |
| Runways and taxiways    | 14,974            | 9,977   | 4,997           | -                      | -                             | -                                     | 415                       | 14,974            | 10,392  | 4,582           |
| Terminal and buildings  | 7,256             | 1,292   | 5,964           | -                      | -                             | -                                     | 109                       | 7,256             | 1,401   | 5,855           |
| Plant and equipment     | 1,209             | 755   | 454             | 25                     | -                             | -                                     | 39                        | 1,234             | 794   | 440             |
| Motor vehicles          | 273               | 201   | 72              | 100                    | -                             | -                                     | 10                        | 373               | 211   | 162             |
| Furniture and fittings  | 5,332             | 2,276   | 3,056           | -                      | -                             | -                                     | 216                       | 5,332             | 2,492   | 2,840           |
| Total assets            | 33,821            | 15,982  | 17,839          | 125                    | -                             | -                                     | 872                       | 33,946            | 16,854  | 17,092          |

## Notes to the Financial Statements

For the six months ended 31 December 2022

| <b>8 Investment Property</b> | <b>2022</b>  | <b>2021</b>  |
|------------------------------|--------------|--------------|
|                              | <b>\$000</b> | <b>\$000</b> |
| Balance at 1 July            | 5505         | 5170         |
| Balance at 31 December       | <u>5505</u>  | <u>5170</u>  |

Investment property comprises a number of commercial properties that are leased to third parties.

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 demolished but not 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.

| <b>9 Trade and Other Payables</b> | <b>2022</b>  | <b>2021</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>\$000</b> | <b>\$000</b> |
| Trade payables                    | 172          | 91           |
| Accrued expenses                  | 114          | 89           |
| GST payable                       | 185          | 102          |
| Total trade and other payables    | <u>471</u>   | <u>282</u>   |

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.

| <b>10 Employee benefit liabilities</b> | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
|  | <b>\$000</b> | <b>\$000</b> |
| Annual leave                           | 94           | 114          |
|  | <u>94</u>    | <u>114</u>   |
| <b>Comprising:</b>                     |              |              |
| Current                                | 94           | 114          |
| Non-current                            | -            | -            |
| Total employee benefit liabilities     | <u>94</u>    | <u>114</u>   |

| <b>11 Borrowings</b>          | <b>2022</b>  | <b>2021</b>  |
|-------------------------------|--------------|--------------|
|                               | <b>\$000</b> | <b>\$000</b> |
| Secured loans – related party | -            | 350          |
| Total non-current borrowings  | <u>-</u>     | <u>350</u>   |
| Total borrowings              | <u>-</u>     | <u>350</u>   |

## Notes to the Financial Statements

For the six months ended 31 December 2022

### 12 Deferred Tax Assets and Liabilities

#### Recognised deferred tax assets and liabilities

|                               | Balance    | Recognised in:<br>Profit or<br>loss | Equity   | Balance    |
|-------------------------------|------------|-------------------------------------|----------|------------|
|                               | 1-Jul-22   |                                     |          | 31-Dec-22  |
|                               | \$000      | \$000                               | \$000    | \$000      |
| Property, plant and equipment | 302        | (96)                                | -        | 206        |
| Investment property           | 389        | -                                   | -        | 389        |
| Trade payables and accruals   | (37)       | 6                                   | -        | (31)       |
| <b>Total movements</b>        | <b>654</b> | <b>(90)</b>                         | <b>-</b> | <b>564</b> |

#### Recognised deferred tax assets and liabilities

|                               | Balance    | Recognised in:<br>Profit or<br>loss | Equity   | Balance    |
|-------------------------------|------------|-------------------------------------|----------|------------|
|                               | 1-Jul-21   |                                     |          | 31-Dec-21  |
|                               | \$000      | \$000                               | \$000    | \$000      |
| Property, plant and equipment | 505        | (94)                                | -        | 411        |
| Investment property           | 356        | -                                   | -        | 356        |
| Trade payables and accruals   | (36)       | (1)                                 | -        | (37)       |
| <b>Total movements</b>        | <b>825</b> | <b>(95)</b>                         | <b>-</b> | <b>730</b> |

### 13 Equity

|  | Attributable to equity holders of the Company |                                  |                      |               |
|--|---|----------------------------------|----------------------|---------------|
|  | Share<br>capital                              | Additional<br>paid in<br>capital | Retained<br>earnings | Total         |
|  | \$000   | \$000                            | \$000                | \$000         |
| <b>Balance at 1 July 2022</b>          | 12,325  | 4,530                            | 6,259                | 23,114        |
| Surplus/(deficit) after tax            | -   | -                                | 789                  | 789           |
| <i>Contributions from Shareholders</i> |   |                                  |                      |               |
| Shares issued                          | -   | -                                | -                    | -             |
| <i>Distributions to Shareholders</i>   |   |                                  |                      |               |
| Dividends paid                         | -   | -                                | (269)                | (269)         |
| <b>Balance at 31 December 2022</b>     | <b>12,325</b>                                 | <b>4,530</b>                     | <b>6,779</b>         | <b>23,634</b> |
| <b>Balance at 1 July 2021</b>          | 15,920  | 4,530                            | 5,721                | 26,171        |
| Surplus/(deficit) after tax            | -   | -                                | 90                   | 90            |
| <i>Contributions from Shareholders</i> |   |                                  |                      |               |
| Shares issued                          | 6,000   | -                                | -                    | 6,000         |
| <i>Distributions to Shareholders</i>   |   |                                  |                      |               |
| Redeemable preference shares redeemed  | (9,595)                                       | -                                | -                    | (9,595)       |
| <b>Balance at 31 December 2021</b>     | <b>12,325</b>                                 | <b>4,530</b>                     | <b>5,811</b>         | <b>22,666</b> |

The Company has 9,324,560 (2021: 9,324,560) ordinary shares issued and fully paid at \$1.00. The Company issued a further 6,000,000 ordinary shares on 13 August 2021 that have been fully paid at \$1.00.

The Company issued 49,868,679 ordinary shares during 2013 that have been fully paid at \$0.06.

All ordinary shares, whether called or uncalled, have equal voting rights and have no par value.

At 31 December 2022 there were nil (2021: nil) redeemable preference shares (RPS) on issue. On 29 July 2021 the Company issued a redemption notice in relation to redeemable preference shares (RPS) on issue and the RPS were redeemed on 13 August 2021.

**Notes to the Financial Statements**

For the six months ended 31 December 2022

**14 Capital commitments**

**Capital commitments**

Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment

| <b>2022</b>  | <b>2021</b>  |
|--------------|--------------|
| <b>\$000</b> | <b>\$000</b> |
| 1,894        | 938          |

**15 Contingencies**

There are no contingent liabilities or assets at 31 December 2022 (2021: Nil).

**16 Events after the Balance Sheet date**

There were no significant events after balance date.