

Invercargill Airport Limited

Interim Financial Statements

**For the six months ended
31 December 2023**



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Company Directory

Directors who held office at 31 December 2023

G Lilly - Chairman

A Hercus

J George

P Halstead

Management

Mr S Harris - Chief Executive

Registered office

C/- Invercargill City Council

101 Esk Street

Invercargill

Physical address

106 Airport Avenue

Invercargill

Phone (03) 218 6367

Fax (03) 218 6939

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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 2023. The financial statements were authorised for issue by the Company on 19 February 2024. 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 2023.

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.

Invercargill Airport Limited - Interim Financial Statements

Statement of Financial Position

As at 31 December 2023

	Note	2023 \$000	2022 \$000
Assets			
Current assets			
Cash and cash equivalents	5	415	1,214
Trade and other receivables	6	643	848
Inventories		6	6
Total current assets		<u>1,064</u>	<u>2,068</u>
Non-current assets			
Property, plant and equipment	7	17,462	15,629
Investment property	8	5,830	5,505
Construction work in progress		1,321	1,986
Total non-current assets		<u>24,613</u>	<u>23,120</u>
Total assets		<u>25,677</u>	<u>25,188</u>
Liabilities			
Current liabilities			
Trade and other payables	9	372	471
Retentions		-	49
Employee benefit liabilities	10	116	94
Tax payable		216	376
Total current liabilities		<u>704</u>	<u>990</u>
Non-current liabilities			
Borrowings	11	-	-
Deferred tax liability	12	394	564
Total non-current liabilities		<u>394</u>	<u>564</u>
Total liabilities		<u>1,098</u>	<u>1,554</u>
Equity			
Share capital	13	12,325	12,325
Retained earnings	13	7,724	6,779
Additional paid in capital	13	4,530	4,530
Total equity attributable to the equity holders of the company		<u>24,579</u>	<u>23,634</u>
Total liabilities and equity		<u>25,677</u>	<u>25,188</u>

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Statement of Comprehensive Income

For the six months ended 31 December 2023

	Note	2023 \$000	2022 \$000
Income			
Operating revenue		3,951	4,119
Total income		3,951	4,119
Expenditure			
Employee expenses	2	879	721
Depreciation	7	977	886
Other expenses	1	1,670	1,387
Total operating expenditure		3,526	2,994
Finance income	3	9	6
Finance expenses	3	3	-
Net finance expense		6	6
Operating surplus/(deficit) before tax		431	1,131
Income tax expense	4	141	342
Surplus/(deficit) after tax		290	789
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		290	789

Statement of Movements in Equity

For the six months ended 31 December 2023

	Note	2023 \$000	2022 \$000
Balance at 1 July		24,289	23,114
Total Comprehensive Income for the year	13	290	789
<i>Distributions to Shareholders</i>			
Dividends Paid	13	-	(269)
Balance at 31 December		24,579	23,634

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Statement of Cash Flows

For the six months ended 31 December 2023

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Receipts from customers		4,001	3,807
Interest and interest subsidy received		9	6
Payments to suppliers and employees		(2,957)	(2,201)
Interest paid		(3)	(1)
Income tax (paid) / refund		(487)	(378)
Goods and services tax [net]		114	100
Net cash from operating activities		<u>677</u>	<u>1,333</u>
Cash flows from investing activities			
Purchase of property, plant and equipment - Work in Progress		(796)	(1,391)
Purchase of property, plant and equipment		(185)	(213)
Net cash from investing activities		<u>(981)</u>	<u>(1,604)</u>
Cash flows from financing activities			
Proceeds from borrowings		350	-
Repayment of borrowings		(350)	-
Dividends Paid		-	(269)
Net cash from financing activities		<u>-</u>	<u>(269)</u>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		<u>(304)</u>	<u>(540)</u>
Cash, cash equivalents and bank overdrafts at the beginning of the year		719	1,754
Cash, cash equivalents and bank overdrafts at the end of the period	5	<u>415</u>	<u>1,214</u>

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

	2023 \$000	2022 \$000
Reconciliation with reported operating surplus		
Net surplus after tax	290	789
Add/(deduct) non-cash items:		
Depreciation	977	886
Net (profit)/loss on sale of fixed assets	2	-
Increase/(decrease) in deferred taxation	(94)	(90)
Increase/(decrease) in current years tax	-	-
	<u>885</u>	<u>796</u>
Add/(less) movements in working capital:		
(Increase)/decrease in receivables	50	(313)
(Increase)/decrease in prepayments	17	15
Increase/(decrease) in accounts payable and accruals	(427)	(109)
Increase/(decrease) in GST/taxation	(138)	155
	<u>(498)</u>	<u>(252)</u>
Net cash inflow (outflow) from operating activities	<u>677</u>	<u>1,333</u>

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Notes to the Financial Statements

For the six months ended 31 December 2023

1 Other expenses (includes)	2023	2022
	\$000	\$000
Director fees	68	68
Auditor's remuneration to Audit New Zealand comprises:		
· audit of financial statements	37	20
2 Employee expenses	2023	2022
	\$000	\$000
Wages and salaries	854	703
Defined contribution expenses	25	18
Total employee expenses	879	721
3 Finance income and expense	2023	2022
	\$000	\$000
Finance Income		
Interest income on bank deposits	9	6
Total finance income	9	6
Financial expense		
Interest expense on financial liabilities measured at amortised cost	3	-
Total financial expenses	3	-
Net finance costs	6	6
4 Income tax expense in the Income Statement	2023	2022
	\$000	\$000
Current tax expense		
Current period	235	432
Total current tax expense	235	432
Deferred tax expense		
Origination and reversal of temporary differences	(94)	(90)
Total deferred tax expense	(94)	(90)
Total income tax expense	141	342

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Notes to the Financial Statements

For the six months ended 31 December 2023

Reconciliation of effective tax rate	2023	2022
	\$000	\$000
Profit for the year	431	1,131
Permanent differences	-	-
Profit excluding income tax	431	1,131
Tax at 28%	121	317
Deferred tax adjustment	20	25
Total income tax expense	141	342
Effective Tax Rate	33%	30%

5 Cash and cash equivalents	2023	2022
	\$000	\$000
Cash and cash equivalents	415	1,214
Cash and cash equivalents in the statement of cash flows	415	1,214

6 Trade and other receivables	2023	2022
	\$000	\$000
Trade receivables	733	948
Less allowance for expected credit losses	(98)	(100)
Prepayments	8	-
	643	848

Notes to the Financial Statements

For the six months ended 31 December 2023

7 Property, Plant and Equipment

2023 (\$'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-2023	1-Jul-2023	1-Jul-2023					31-Dec-2023	31-Dec-2023	31-Dec-2023
Land	509	-	509	-	-	-	-	509	-	509
Car parking and fencing	4,477	1,817	2,660	-	-	-	87	4,477	1,904	2,573
Runways and taxiways	17,055	11,658	5,397	-	-	-	487	17,055	12,145	4,910
Terminal and buildings	7,344	1,727	5,617	27	-	-	111	7,371	1,838	5,533
Plant and equipment	1,385	918	467	107	-	-	53	1,492	971	521
Motor vehicles	1,571	251	1,320	2	34	33	59	1,539	277	1,262
Furniture and fittings	5,424	3,108	2,316	18	-	-	180	5,442	3,288	2,154
Total assets	37,765	19,479	18,286	154	34	33	977	37,885	20,423	17,462

2022 (\$'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-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

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Notes to the Financial Statements

For the six months ended 31 December 2023

8 Investment Property

	2023	2022
	\$000	\$000
Balance at 1 July	5,830	5,505
Balance at 31 December	5,830	5,505

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 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.

9 Trade and Other Payables

	2023	2022
	\$000	\$000
Trade payables	50	172
Accrued expenses	251	114
GST payable	71	185
Total trade and other payables	372	471

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.

10 Employee benefit liabilities

	2023	2022
	\$000	\$000
Annual leave	116	94
	116	94
Comprising:		
Current	116	94
Non-current	-	-
Total employee benefit liabilities	116	94

11 Borrowings

	2023	2022
	\$000	\$000
Secured loans – related party	-	-
Total non-current borrowings	-	-
Total borrowings	-	-

Notes to the Financial Statements

For the six months ended 31 December 2023

12 Deferred Tax Assets and Liabilities

	Balance	Recognised in:		Balance
		Profit or loss	Equity	
Recognised deferred tax assets and liabilities	1-Jul-23			31-Dec-23
	\$000	\$000	\$000	\$000
Property, plant and equipment	136	(96)	-	40
Investment property	396	-	-	396
Trade payables and accruals	(44)	2	-	(42)
Total movements	488	(94)	-	394

	Balance	Recognised in:		Balance
		Profit or loss	Equity	
Recognised deferred tax assets and liabilities	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)
Total movements	654	(90)	-	564

13 Equity

	Attributable to equity holders of the Company			
	Share capital	Additional paid in capital	Retained earnings	Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2023	12,325	4,530	7,434	24,289
Surplus/(deficit) after tax	-	-	290	290
<i>Distributions to Shareholders</i>				
Dividends paid	-	-	-	-
Balance at 31 December 2023	12,325	4,530	7,724	24,579
Balance at 1 July 2022	12,325	4,530	6,259	23,114
Surplus/(deficit) after tax	-	-	789	789
<i>Distributions to Shareholders</i>				
Dividends paid	-	-	(269)	(269)
Balance at 31 December 2022	12,325	4,530	6,779	23,634

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.

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14 Capital commitments	2023	2022
	\$000	\$000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred	594	1,894

15 Contingencies

There are no other contingent liabilities or assets at 31 December 2023 (2022: Nil).

During the 2020 year the Company received a \$500,00 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

16 Events after the Balance Sheet date

On the 16 February 2024, the Directors of the Company resolved to pay a dividend of \$722,000. There were no other significant events after balance date.