

# **Invercargill Airport Limited**

## Interim Financial Statements

For the six months ended  
31 December 2024



## *Invercargill Airport Limited - Interim Financial Statements*

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**Company Directory**

**Directors who held office at 31 December 2024**

G Lilly - Chairman

A Hercus

D Addie

J George

P Halstead

**Management**

S Harris - Chief Executive

**Registered office**

C/- Invercargill City Council

101 Esk Street

Invercargill

**Physical address**

106 Airport Avenue

Invercargill

Phone (03) 218 6367

**Postal address**

PO Box 1203

Invercargill 9840

**Auditor**

Audit New Zealand

Dunedin

**Bankers**

BNZ

**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 2024. The financial statements were authorised for issue by the Company on 25 February 2025. 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 2024.

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 2024

	Note	2024 \$000	2023 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	260	415
Trade and other receivables	6	1,141	643
Inventories		2	6
<b>Total current assets</b>		<u>1,403</u>	<u>1,064</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	16,626	17,462
Investment property	8	9,264	5,830
Construction work in progress		6,849	1,321
<b>Total non-current assets</b>		<u>32,739</u>	<u>24,613</u>
<b>Total assets</b>		<u><b>34,143</b></u>	<u><b>25,677</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	677	372
Employee benefit liabilities	10	132	116
Tax payable		271	216
Provisions	11	3,895	-
<b>Total current liabilities</b>		<u>4,975</u>	<u>704</u>
<b>Non-current liabilities</b>			
Borrowings	12	3,520	-
Deferred tax liability	13	939	394
<b>Total non-current liabilities</b>		<u>4,459</u>	<u>394</u>
<b>Total liabilities</b>		<u>9,434</u>	<u>1,098</u>
<b>Equity</b>			
Share capital	14	12,325	12,325
Retained earnings	14	7,854	7,724
Additional paid in capital	14	4,530	4,530
Total equity attributable to the equity holders of the company		<u>24,709</u>	<u>24,579</u>
<b>Total liabilities and equity</b>		<u><b>34,143</b></u>	<u><b>25,677</b></u>

## Invercargill Airport Limited - Interim Financial Statements

### Statement of Comprehensive Income

For the six months ended 31 December 2024

	Note	2024 \$000	2023 \$000
<b>Income</b>			
Operating revenue		4,861	3,951
Total income		<u>4,861</u>	<u>3,951</u>
<b>Expenditure</b>			
Employee expenses	2	997	879
Depreciation	7	784	977
Other expenses	1	1,694	1,670
Total operating expenditure		<u>3,475</u>	<u>3,526</u>
Finance income	3	13	9
Finance expenses	3	90	3
Net finance expense		<u>(77)</u>	<u>6</u>
<b>Operating surplus/(deficit) before tax</b>		<u>1,309</u>	<u>431</u>
Income tax expense	4	381	141
<b>Surplus/(deficit) after tax</b>		<u><u>928</u></u>	<u><u>290</u></u>
<b>Other comprehensive income</b>			
Total other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><u>928</u></u>	<u><u>290</u></u>

### Statement of Movements in Equity

For the six months ended 31 December 2024

	Note	2024 \$000	2023 \$000
<b>Balance at 1 July</b>		23,995	24,289
Total Comprehensive Income for the year	14	928	290
<i>Distributions to Shareholders</i>			
Dividends Paid	14	(214)	-
<b>Balance at 31 December</b>		<u><u>24,709</u></u>	<u><u>24,579</u></u>

## Invercargill Airport Limited - Interim Financial Statements

### Statement of Cash Flows

For the six months ended 31 December 2024

	Note	2024 \$000	2023 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		4,322	4,001
Interest received		13	9
Payments to suppliers and employees		(2,635)	(2,957)
Interest paid		(90)	(3)
Income tax (paid) / refund		(641)	(487)
Goods and services tax [net]		273	114
<b>Net cash from operating activities</b>		<u>1,242</u>	<u>677</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		3	-
Purchase of property, plant and equipment and work in progress		(1,378)	(535)
Purchase of investment property and work in progress		(936)	(446)
<b>Net cash from investing activities</b>		<u>(2,311)</u>	<u>(981)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,020	350
Repayment of borrowings		(650)	(350)
Dividends paid		(214)	-
<b>Net cash from financing activities</b>		<u>1,156</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>87</u>	<u>(304)</u>
Cash and cash equivalents at the beginning of the year		173	719
<b>Cash and cash equivalents at the end of the period</b>	5	<u>260</u>	<u>415</u>

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

	2024 \$000	2023 \$000
<b>Reconciliation with reported operating surplus</b>		
Net surplus after tax	928	290
<b>Add/(deduct) non-cash items:</b>		
Depreciation	784	977
Net (profit)/loss on sale of fixed assets	-	2
Increase/(decrease) in deferred taxation	(103)	(94)
	<u>681</u>	<u>885</u>
<b>Add/(less) movements in working capital:</b>		
(Increase)/decrease in receivables	(538)	50
(Increase)/decrease in prepayments	(1)	17
Increase/(decrease) in accounts payable and accruals	57	(427)
Increase/(decrease) in GST/taxation	115	(138)
	<u>(367)</u>	<u>(498)</u>
<b>Net cash inflow (outflow) from operating activities</b>	<u>1,242</u>	<u>677</u>

# Invercargill Airport Limited - Interim Financial Statements

## Notes to the Financial Statements

For the six months ended 31 December 2024

<b>1 Other expenses (includes)</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Director fees	81	68
Auditor's remuneration to Audit New Zealand comprises:		
· audit of financial statements	42	37
<b>2 Employee expenses</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	970	854
Defined contribution expenses	27	25
Total employee expenses	<u>997</u>	<u>879</u>
<b>3 Finance income and expense</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
<b>Finance Income</b>		
Interest income on bank deposits	13	9
Total finance income	<u>13</u>	<u>9</u>
<b>Financial expense</b>		
Interest expense on financial liabilities measured at amortised cost	90	3
Total financial expenses	<u>90</u>	<u>3</u>
Net finance costs	<u>(77)</u>	<u>6</u>
<b>4 Income tax expense in the Income Statement</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
<b>Current tax expense</b>		
Current period	484	235
Total current tax expense	<u>484</u>	<u>235</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(103)	(94)
Total deferred tax expense	<u>(103)</u>	<u>(94)</u>
Total income tax expense	<u>381</u>	<u>141</u>

## Invercargill Airport Limited - Interim Financial Statements

### Notes to the Financial Statements

For the six months ended 31 December 2024

<b>Reconciliation of effective tax rate</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Profit for the year	1,309	431
Permanent differences	-	-
Profit excluding income tax	<u>1,309</u>	<u>431</u>
Tax at 28%	367	121
Deferred tax adjustment	14	20
Total income tax expense	<u><u>381</u></u>	<u><u>141</u></u>
Effective Tax Rate	29%	33%
<b>5 Cash and cash equivalents</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	260	415
Cash and cash equivalents in the statement of cash flows	<u>260</u>	<u>415</u>
<b>6 Trade and other receivables</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Trade receivables	1,116	733
Less allowance for expected credit losses	-	(98)
Prepayments	25	8
	<u>1,141</u>	<u>643</u>

*Invercargill Airport Limited - Interim Financial Statements*

**Notes to the Financial Statements**

For the six months ended 31 December 2024

**7 Property, Plant and Equipment**

**2024 (\$'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-2024	1-Jul-2024	1-Jul-2024					31-Dec-2024	31-Dec-2024	31-Dec-2024
Land	668	-	668	-	-	-	-	668	-	668
Carpark and fencing	4,505	1,990	2,515	111	-	-	88	4,616	2,078	2,538
Runway, apron and taxiways	17,391	12,448	4,943	-	-	-	300	17,391	12,748	4,643
Terminal and buildings	7,371	1,947	5,424	-	-	-	111	7,371	2,058	5,313
Plant and equipment	1,504	1,021	483	50	15	14	47	1,539	1,054	485
Motor vehicles	1,539	335	1,204	-	-	-	59	1,539	394	1,145
Furniture and fittings	5,459	3,466	1,993	20	-	-	179	5,479	3,645	1,834
<b>Total assets</b>	<b>38,437</b>	<b>21,207</b>	<b>17,230</b>	<b>181</b>	<b>15</b>	<b>14</b>	<b>784</b>	<b>38,603</b>	<b>21,977</b>	<b>16,626</b>

**2023 (\$'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-2023	1-Jul-2023	1-Jul-2023					31-Dec-2023	31-Dec-2023	31-Dec-2023
Land	509	-	509	-	-	-	-	509	-	509
Carpark and fencing	4,477	1,817	2,660	-	-	-	87	4,477	1,904	2,573
Runway, apron 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
<b>Total assets</b>	<b>37,765</b>	<b>19,479</b>	<b>18,286</b>	<b>154</b>	<b>34</b>	<b>33</b>	<b>977</b>	<b>37,885</b>	<b>20,423</b>	<b>17,462</b>

## Invercargill Airport Limited - Interim Financial Statements

### Notes to the Financial Statements

For the six months ended 31 December 2024

<b>8 Investment Property</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Balance at 1 July	7,775	5,830
Additions	1,489	-
Balance at 31 December	<u>9,264</u>	<u>5,830</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 2024 and 2023, 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 (2023: this property is planned to be demolished within the next year but no decision has been made on its replacement), 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 2024 and 2023 valuations were performed by Robert Todd, an independent valuer 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>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Trade payables	221	50
Accrued expenses	296	251
GST payable	160	71
Total trade and other payables	<u>677</u>	<u>372</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>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Annual leave	132	116
	<u>132</u>	<u>116</u>
<b>Comprising:</b>		
Current	132	116
Non-current	-	-
Total employee benefit liabilities	<u>132</u>	<u>116</u>

## Invercargill Airport Limited - Interim Financial Statements

### Notes to the Financial Statements

For the six months ended 31 December 2024

<b>11 Provisions</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
<b>Lessee Improvement Settlement Provision</b>		
Balance at 1 July	3,895	-
Balance at 31 December	<u>3,895</u>	<u>-</u>

A provision has been recognised for the estimated cost of settlement for improvements made to Invercargill Airport land by a former lessee. Under the terms of the leases and in accordance with the Public Bodies Leases Act the Company is required to provide compensation for improvements made during the tenure of the leases.

The lessee has been provided with the valuation and did not agree to the amount, the valuation will now be determined by arbitration in accordance with the Act. The provision has been disclosed as a current liability as settlement is expected to occur within the current financial year. The arbitration process may extend the timeline for settlement and the final costs may differ subject to the arbitration process.

The provision is calculated based on an independent valuation performed by CBRE of the lessee improvements. The valuation methodology applied is based on a market approach using comparative sales.

<b>12 Borrowings</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Invercargill City Holdings Ltd - Non Current Portion	3,520	-
Total borrowings	<u>3,520</u>	<u>-</u>

A general facility agreement for \$10 million was entered into with ICHL in 2023, for a five year term and is available for extension from time to time in accordance with the agreement.

The weighted average interest rate for the loan is 4.98% (2024: 5.01%).

## Invercargill Airport Limited - Interim Financial Statements

### Notes to the Financial Statements

For the six months ended 31 December 2024

#### 13 Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities	Recognised in:			Balance
	Balance	Profit or loss	Equity	
	<b>1-Jul-24</b>			<b>31-Dec-24</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment	717	(98)	-	619
Investment property	368	-	-	368
Trade payables and accruals	(43)	(5)	-	(48)
<b>Total movements</b>	<b>1,042</b>	<b>(103)</b>	<b>-</b>	<b>939</b>

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

#### 14 Equity

	Attributable to equity holders of the Company			Total
	Share capital	Additional paid in capital	Retained earnings	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 July 2024</b>	12,325	4,530	7,140	23,995
Surplus/(deficit) after tax	-	-	928	928
<i>Distributions to Shareholders</i>				
Dividends paid	-	-	(214)	(214)
<b>Balance at 31 December 2024</b>	<b>12,325</b>	<b>4,530</b>	<b>7,854</b>	<b>24,709</b>
<b>Balance at 1 July 2023</b>	12,325	4,530	7,434	24,289
Surplus/(deficit) after tax	-	-	290	290
<i>Distributions to Shareholders</i>				
Dividends paid	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>12,325</b>	<b>4,530</b>	<b>7,724</b>	<b>24,579</b>

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.

## Invercargill Airport Limited - Interim Financial Statements

### Notes to the Financial Statements

For the six months ended 31 December 2024

<b>15 Capital commitments</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
<b>Capital commitments</b>		
Capital expenditure contracted for at balance date but not yet incurred	935	594

### 16 Contingencies

There are no other contingent liabilities or assets at 31 December 2024 (2023: 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

### 17 Events after the Balance Sheet date

There have been no significant events after balance date.