

# **Invercargill Airport Limited**

## **Interim Financial Statements**

**For the six months ended  
31 December 2021**



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## **Company Directory**

### **Directors who held office at 31 December 2021**

G Lilly

J Green (until 31 October 2021)

A Hercus

J George

P Halstead (from 1 November 2021)

### **Management**

Mr N Finnerty - 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

### **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 97.2% owned by Invercargill City Holdings Limited. Hokonui Research and Development Ltd, Waihopai Runaka Holdings Ltd, Te Runaka O Awarua Charitable Trust and Oraka-Aparima Runanga Incorporated Society each hold 0.70% 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 2021. The financial statements were authorised for issue by the Company on 26 January 2022. 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 2021.

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 2021

	<b>Note</b>	<b>2021 \$000</b>	<b>2020 \$000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	<b>5</b>	988	3,448
Trade and other receivables	<b>6</b>	734	489
Inventories		5	8
<b>Total current assets</b>		<u>1,727</u>	<u>3,945</u>
<b>Non-current assets</b>			
Property, plant and equipment	<b>7</b>	17,092	18,575
Investment property	<b>8</b>	5,170	4,200
Construction work in progress		365	137
<b>Total non-current assets</b>		<u>22,627</u>	<u>22,912</u>
<b>Total assets</b>		<u><b>24,354</b></u>	<u><b>26,857</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>9</b>	270	284
Retentions		49	49
Employee benefit liabilities	<b>10</b>	126	103
Tax payable		163	502
<b>Total current liabilities</b>		<u>608</u>	<u>938</u>
<b>Non-current liabilities</b>			
Borrowings	<b>11</b>	350	-
Deferred tax liability	<b>12</b>	730	868
<b>Total non-current liabilities</b>		<u>1,080</u>	<u>868</u>
<b>Total liabilities</b>		<u>1,688</u>	<u>1,806</u>
<b>Equity</b>			
Share capital	<b>13</b>	12,325	15,920
Retained earnings	<b>13</b>	5,811	4,601
Additional paid in capital	<b>13</b>	4,530	4,530
Total equity attributable to the equity holders of the company		<u>22,666</u>	<u>25,051</u>
<b>Total liabilities and equity</b>		<u><b>24,354</b></u>	<u><b>26,857</b></u>

## Statement of Comprehensive Income

For the six months ended 31 December 2021

	Note	2021 \$000	2020 \$000
<b>Income</b>			
Operating revenue		2,594	2,392
Total income		2,594	2,392
<b>Expenditure</b>			
Employee expenses	2	582	493
Depreciation	7	872	899
Other expenses	1	984	797
Total operating expenditure		2,438	2,189
Finance income	3	-	2
Finance expenses	3	4	-
Net finance expense		(4)	2
<b>Operating surplus/(deficit) before tax</b>		152	205
Income tax expense	4	62	57
<b>Surplus/(deficit) after tax</b>		<b>90</b>	<b>148</b>
<b>Other comprehensive income</b>			
Total other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>90</b>	<b>148</b>

## Statement of Movements in Equity

For the six months ended 31 December 2021

	Note	2021 \$000	2020 \$000
<b>Balance at 1 July</b>		26,171	24,903
Total Comprehensive Income for the year	13	90	148
<i>Contributions from Shareholders</i>			
Shares issued	13	6,000	-
<i>Distributions to Shareholders</i>			
Redeemable preference shares redeemed	13	(9,595)	-
<b>Balance at 31 December</b>		<b>22,666</b>	<b>25,051</b>

## Statement of Cash Flows

For the six months ended 31 December 2021

	Note	2021 \$000	2020 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		2,304	2,095
Interest and interest subsidy received		-	2
Payments to suppliers and employees		(1,594)	(1,420)
Interest paid		(4)	-
Income tax (paid) / refund		(364)	-
Goods and services tax [net]		(6)	173
<b>Net cash from operating activities</b>		<u>336</u>	<u>850</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment - Work in Progress		(317)	(85)
Purchase of property, plant and equipment		(127)	-
<b>Net cash from investing activities</b>		<u>(444)</u>	<u>(85)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		350	(842)
Shares issued		6,000	-
Redemption of preference shares		(9,595)	-
<b>Net cash from financing activities</b>		<u>(3,245)</u>	<u>(842)</u>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>		<u>(3,353)</u>	<u>(77)</u>
Cash, cash equivalents and bank overdrafts at the beginning of the year		4,341	3,526
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	5	<u>988</u>	<u>3,448</u>

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

	2021 \$000	2020 \$000
<b>Reconciliation with reported operating surplus</b>		
Net surplus after tax	90	148
<b>Add/(deduct) non-cash items:</b>		
Depreciation	872	899
Increase/(decrease) in deferred taxation	(95)	(106)
Increase/(decrease) in current years tax	-	163
	<u>777</u>	<u>956</u>
<b>Add/(less) movements in working capital:</b>		
(Increase)/decrease in receivables	(289)	(297)
(Increase)/decrease in prepayments	-	5
Increase/(decrease) in accounts payable and accruals	(29)	(135)
Increase/(decrease) in GST/taxation	(213)	172
	<u>(531)</u>	<u>(255)</u>
<b>Net cash inflow (outflow) from operating activities</b>	<u>336</u>	<u>849</u>

# **Notes to the Financial Statements**

For the six months ended 31 December 2021

<b>1 Other expenses (includes)</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Director fees	62	53
Auditor's remuneration to Audit New Zealand comprises:		
· audit of financial statements	20	14
<b>2 Employee expenses</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	565	477
Defined contribution expenses	17	16
Total employee expenses	<u>582</u>	<u>493</u>
<b>3 Finance income and expense</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Finance Income</b>		
Interest income on bank deposits	-	2
Total finance income	<u>-</u>	<u>2</u>
<b>Financial expense</b>		
Interest expense on financial liabilities measured at amortised cost	4	-
Total financial expenses	<u>4</u>	<u>-</u>
Net finance costs	<u>(4)</u>	<u>2</u>
<b>4 Income tax expense in the Income Statement</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Current tax expense</b>		
Current period	157	163
Total current tax expense	<u>157</u>	<u>163</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(95)	(106)
Total deferred tax expense	<u>(95)</u>	<u>(106)</u>
Total income tax expense	<u>62</u>	<u>57</u>



**Notes to the Financial Statements**

For the six months ended 31 December 2021

**Reconciliation of effective tax rate**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Profit for the year	152	205
Permanent differences	-	-
Profit excluding income tax	152	205
Tax at 28%	43	57
Deferred tax adjustment	19	-
Total income tax expense	62	57
Effective Tax Rate	41%	28%

**5 Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	988	3,448
Cash and cash equivalents in the statement of cash flows	988	3,448

**6 Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Trade receivables	783	489
	783	489
Less allowance for expected credit losses	(49)	-
	734	489

**Notes to the Financial Statements**

For the six months ended 31 December 2021

**7 Property, Plant and Equipment**

**2021 (\$'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-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

**2020 (\$'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-2020	1-Jul-2020	1-Jul-2020					31-Dec-2020	31-Dec-2020	31-Dec-2020
Land	509	-	509	-	-	-	-	509	-	509
Car parking and fencing	4,284	1,314	2,970	-	-	-	92	4,284	1,406	2,878
Runways and taxiways	14,974	9,147	5,827	-	-	-	415	14,974	9,562	5,412
Terminal and buildings	7,256	1,075	6,181	-	-	-	109	7,256	1,184	6,072
Plant and equipment	1,197	653	544	-	-	-	68	1,197	721	476
Motor vehicles	273	193	80	-	-	-	5	273	198	75
Furniture and fittings	5,210	1,847	3,363	-	-	-	211	5,210	2,058	3,152
Total assets	33,703	14,229	19,474	-	-	-	899	33,703	15,128	18,575

## Notes to the Financial Statements

For the six months ended 31 December 2021

<b>8 Investment Property</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Balance at 1 July	5170	4200
Balance at 31 December	5170	4200

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 2021 and 2020, all investment properties were valued based on the income approach and comparable sales approach except for two properties being less than 20% of the portfolio value. These two properties are planned to be replaced within the next two years (2020: 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 2021 and 2020 valuations were performed by Robert Todd, an independent valuer from Thayer Todd Valuations Limited. 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>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Trade payables	91	29
Accrued expenses	77	86
GST payable	102	169
Total trade and other payables	270	284

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>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Accrued pay	12	11
Annual leave	114	92
	126	103
<b>Comprising:</b>		
Current	126	103
Non-current	-	-
Total employee benefit liabilities	126	103

<b>11 Borrowings</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Secured loans – related party	350	-
Total non-current borrowings	350	-
	350	-
Total borrowings	350	-

## Notes to the Financial Statements

For the six months ended 31 December 2021

### 12 Deferred Tax Assets and Liabilities

	Balance	Recognised in: Profit or 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>

	Balance	Recognised in: Profit or loss	Equity	Balance
	1-Jul-20			31-Dec-20
	\$000	\$000	\$000	\$000
Property, plant and equipment	687	(111)	-	576
Investment property	322	-	-	322
Trade payables and accruals	(35)	5	-	(30)
<b>Total movements</b>	<b>974</b>	<b>(106)</b>	<b>-</b>	<b>868</b>

### 13 Equity

	Attributable to equity holders of the Company			
	Share capital	Additional paid in capital	Retained earnings	Total
	\$000	\$000	\$000	\$000
<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>
<b>Balance at 1 July 2020</b>	15,920	4,530	4,453	24,903
Surplus/(deficit) after tax	-	-	148	148
<b>Balance at 31 December 2020</b>	<b>15,920</b>	<b>4,530</b>	<b>4,601</b>	<b>25,051</b>

The Company has 9,234,560 (2020: 3,324,560) ordinary shares issued and fully paid at \$1.00. The Company issued 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 2021 there were nil (2020: 9,595,308) 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 2021

**14 Capital commitments**

**Capital commitments**

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

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
	938	-

**15 Contingencies**

There are no contingent liabilities or assets at 31 December 2021 (2020: Nil).

**16 Events after the Balance Sheet date**

There were no other significant events after balance date.