

# **Invercargill Airport Limited**

## **Interim Financial Statements**

**For the six months ended  
31 December 2020**



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## **Company Directory**

### **Directors who held office at 31 December 2020**

G Lilly  
J Green  
A Hercus  
J George  
J Franklin (until 30 November 2020)

### **Management**

Mr N Finnerty - General Manager

### **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  
151 Spey 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 2020. The financial statements were authorised for issue by the Company on 26 February 2021. 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 2020.

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 2020

	Note	2020 \$000	2019 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,448	3,211
Trade and other receivables	6	489	829
Inventories		8	8
<b>Total current assets</b>		<u>3,945</u>	<u>4,048</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	18,575	19,184
Investment property	8	4,200	4,250
Construction work in progress		137	1,164
<b>Total non-current assets</b>		<u>22,912</u>	<u>24,598</u>
<b>Total assets</b>		<u><b>26,857</b></u>	<u><b>28,646</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	284	242
Retentions		49	49
Employee benefit liabilities	10	103	83
Borrowings	11	-	380
Tax payable		502	816
<b>Total current liabilities</b>		<u>938</u>	<u>1,570</u>
<b>Non-current liabilities</b>			
Borrowings	11	-	842
Deferred tax liability	12	868	1,088
<b>Total non-current liabilities</b>		<u>868</u>	<u>1,930</u>
<b>Total liabilities</b>		<u>1,806</u>	<u>3,500</u>
<b>Equity</b>			
Share capital	13	15,920	15,920
Retained earnings	13	4,601	4,696
Additional paid in capital	13	4,530	4,530
Total equity attributable to the equity holders of the company		<u>25,051</u>	<u>25,146</u>
<b>Total liabilities and equity</b>		<u><b>26,857</b></u>	<u><b>28,646</b></u>

# Statement of Comprehensive Income

For the six months ended 31 December 2020

	Note	2020 \$000	2019 \$000
<b>Income</b>			
Operating revenue		2,392	2,936
Total income		<u>2,392</u>	<u>2,936</u>
<b>Expenditure</b>			
Employee expenses	2	493	519
Depreciation and amortisation	7	899	857
Other expenses	1	797	979
Total operating expenditure		<u>2,189</u>	<u>2,355</u>
Finance income	3	2	14
Finance expenses	3	-	43
Net finance expense		<u>2</u>	<u>(28)</u>
<b>Operating surplus/(deficit) before tax</b>		<u>205</u>	<u>552</u>
Income tax expense	4	57	184
<b>Surplus/(deficit) after tax</b>		<u><u>148</u></u>	<u><u>368</u></u>
<b>Other comprehensive income</b>			
Total other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><u>148</u></u>	<u><u>368</u></u>

# Statement of Movements in Equity

For the six months ended 31 December 2020

	Note	2020 \$000	2019 \$000
<b>Balance at 1 July</b>		24,903	24,778
Total Comprehensive Income for the year	13	148	368
<b>Balance at 31 December</b>		<u><u>25,051</u></u>	<u><u>25,146</u></u>

## Statement of Cash Flows

For the six months ended 31 December 2020

	Note	2020 \$000	2019 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		2,095	2,446
Interest and interest subsidy received		2	14
Payments to suppliers and employees		(1,420)	(1,540)
Interest paid		-	(43)
Income tax (paid) / refund		-	(2)
Goods and services tax [net]		173	58
<b>Net cash from operating activities</b>		<b>850</b>	<b>933</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment - Work in Progress		(85)	(801)
Purchase of property, plant and equipment		-	(130)
<b>Net cash from investing activities</b>		<b>(85)</b>	<b>(931)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings (2010 Overlay Loan)		(842)	-
<b>Net cash from financing activities</b>		<b>(842)</b>	<b>-</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>		<b>(77)</b>	<b>2</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year		3,526	3,209
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>5</b>	<b>3,448</b>	<b>3,211</b>

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

	2020 \$000	2019 \$000
<b>Reconciliation with reported operating surplus</b>		
Net surplus after tax	148	368
<b>Add/(deduct) non-cash items:</b>		
Depreciation	899	857
Increase/(decrease) in deferred taxation	(106)	(94)
Increase/(decrease) in current years tax	163	278
	<b>956</b>	<b>1,041</b>
<b>Add/(less) movements in working capital:</b>		
(Increase)/decrease in receivables	(297)	(489)
(Increase)/decrease in inventories	-	-
(Increase)/decrease in prepayments	5	-
Increase/(decrease) in accounts payable and accruals	(135)	(43)
Increase/(decrease) in GST/taxation	172	56
	<b>(255)</b>	<b>(476)</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>849</b>	<b>933</b>

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.

**Notes to the Financial Statements**

For the six months ended 31 December 2020

<b>1</b>	<b>Other expenses (includes)</b>	<b>2020</b>	<b>2019</b>
		<b>\$000</b>	<b>\$000</b>
	Director fees	53	70
	Auditor's remuneration to Audit New Zealand comprises:		
	audit of financial statements	14	14
<b>2</b>	<b>Employee expenses</b>	<b>2020</b>	<b>2019</b>
		<b>\$000</b>	<b>\$000</b>
	Wages and salaries	477	505
	Defined contribution expenses	16	14
	Total employee expenses	<u>493</u>	<u>519</u>
<b>3</b>	<b>Finance income and expense</b>	<b>2020</b>	<b>2019</b>
		<b>\$000</b>	<b>\$000</b>
	<b>Finance Income</b>		
	Interest income on bank deposits	2	14
	Total finance income	<u>2</u>	<u>14</u>
	<b>Financial expense</b>		
	Interest expense on financial liabilities measured at amortised cost	-	43
	Total financial expenses	<u>-</u>	<u>43</u>
	Net finance costs	<u>2</u>	<u>(29)</u>
<b>4</b>	<b>Income tax expense in the Income Statement</b>	<b>2020</b>	<b>2019</b>
		<b>\$000</b>	<b>\$000</b>
	<b>Current tax expense</b>		
	Current period	163	278
	Total current tax expense	<u>163</u>	<u>278</u>
	<b>Deferred tax expense</b>		
	Origination and reversal of temporary differences	(106)	(94)
	Other	-	-
	Total deferred tax expense	<u>(106)</u>	<u>(94)</u>
	Total income tax expense	<u>57</u>	<u>184</u>



**Notes to the Financial Statements**

For the six months ended 31 December 2020

<b>Reconciliation of effective tax rate</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Profit for the year	205	552
Permanent differences	-	-
Profit excluding income tax	205	552
Tax at 28%	57	155
Deferred tax adjustment	-	29
Total income tax expense	57	184
Effective Tax Rate	28%	33%

<b>5 Cash and cash equivalents</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Call deposits	-	2,299
Cash and cash equivalents	3,448	912
Cash and cash equivalents in the statement of cash flows	3,448	3,211

<b>6 Trade and other receivables</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Trade receivables	489	829
	489	829
Less provision for impairment of receivables	-	-
	489	829

## Notes to the Financial Statements

For the six months ended 31 December 2020

### 7 Property, Plant and Equipment

#### 2020 (\$'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-2020	1-Jul-2020	1-Jul-2020					31-Dec-2019	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

#### 2019 (\$'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-2019	1-Jul-2019	1-Jul-2019					31-Dec-2019	31-Dec-2019	31-Dec-2019
Land	509	-	509	-	-	-	-	509	-	509
Car parking and fencing	4,029	1,140	2,889	87	-	-	85	4,116	1,225	2,891
Runways and taxiways	14,756	8,319	6,437	-	-	-	407	14,756	8,726	6,030
Terminal and buildings	7,014	858	6,156	-	-	-	105	7,014	963	6,051
Plant and equipment	1,152	518	634	31	-	-	67	1,183	585	598
Motor vehicles	273	182	91	-	-	-	5	273	187	86
Furniture and fittings	4,624	1,429	3,195	12	-	-	188	4,636	1,617	3,019
Total assets	32,357	12,446	19,911	130	-	-	857	32,487	13,303	19,184

**Notes to the Financial Statements**

For the six months ended 31 December 2020

<b>8 Investment Property</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Balance at 1 July	4200	4250
Change in fair value	-	-
Balance at 31 December	<u>4200</u>	<u>4250</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 2019 and 2018, 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 (2018: 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 2019 and 2018 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>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Trade payables	29	136
Accrued expenses	86	12
GST payable	169	94
Total trade and other payables	<u>284</u>	<u>242</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>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Accrued pay	11	12
Annual leave	92	71
	<u>103</u>	<u>83</u>
<b>Comprising:</b>		
Current	103	83
Non-current	-	-
Total employee benefit liabilities	<u>103</u>	<u>83</u>

**Notes to the Financial Statements**

For the six months ended 31 December 2020

<b>11</b>	<b>Borrowings</b>	<b>2020</b>	<b>2019</b>
		<b>\$000</b>	<b>\$000</b>
	Secured loans (Runway Overlay) – related party	-	380
	Total current borrowings	-	380
	Secured loans (Runway Overlay) – related party	-	842
	Total non-current borrowings	-	842
	Total borrowings	-	1,222

## Notes to the Financial Statements

For the six months ended 31 December 2020

### 12 Deferred Tax Assets and Liabilities

	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>

	Balance	Recognised in: Profit or loss	Equity	Balance
	1-Jul-19			31-Dec-19
	\$000	\$000	\$000	\$000
Property, plant and equipment	867	(92)	-	775
Tax losses	-	-	-	-
Investment property	336	-	-	336
Trade payables and accruals	(21)	(2)	-	(23)
<b>Total movements</b>	<b>1,182</b>	<b>(94)</b>	<b>-</b>	<b>1,088</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 2020</b>	15,920	4,530	4,453	24,903
Surplus/(deficit) after tax	-	-	148	148
Redeemable preference shares redeemed	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>15,920</b>	<b>4,530</b>	<b>4,601</b>	<b>25,051</b>
<b>Balance at 1 July 2019</b>	15,920	4,530	4,328	24,778
Surplus/(deficit) after tax	-	-	368	368
<b>Balance at 31 December 2019</b>	<b>15,920</b>	<b>4,530</b>	<b>4,696</b>	<b>25,146</b>

The Company has 3,324,560 ordinary shares that have been issued and 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 2020 there were 9,595,308 (2019: 9,595,308) redeemable preference shares (RPS) on issue. Each share has a par value of \$1 and is redeemable by the board of the Company giving a 30 day redemption notice. The RPS carry a preferential dividend entitlement, do not carry voting rights and carry an optional interest entitlement on redemption at a rate equal to 5% above the ninety (90) day Bank Bill Settlement Rate. The RPS rank ahead of the ordinary shares in the event of a liquidation. The redemption is only at the discretion of Invercargill Airport Limited (the issuer). The holders of the RPS do not have the option to demand redemption of the RPS face value. As Invercargill Airport Limited does not have a present obligation to redeem the shares the RPS have been classified as an equity instrument.

**Notes to the Financial Statements**

For the six months ended 31 December 2020

**14 Capital commitments**

2020	2019
\$000	\$000

**Capital commitments**

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

-	-

**15 Contingencies**

There are no contingent liabilities or assets at 31 December 2020 (2019: Nil).

**16 Events after the Balance Sheet date**

There were no other significant events after balance date.