ATTACHMENTS

Taupō Airport Authority Committee Meeting

17 February 2020

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DIRECTORY

Governing Body	**Taupō Airport Authority Committee** Mayor David Trewavas
Airport General Manager	Kim Gard (Acting)
Bankers	Bank of New Zealand, Taupō – transactional banking
Auditors	Audit New Zealand on behalf of The Controller & Auditor General
Solicitors / Legal Advisors	Le Pine & Co, Taupō
Insurance Brokers	Aon New Zealand Limited
Joint Venture Partners	Taupō District Council 50% The Crown (Ministry of Transport) 50%
Address	Anzac Memorial Drive, TAUPŌ RD 2, TAUPŌ
Telephone	Airport Manager [07] 378-7771 Facsimile [07] 377-7776 email airport@Taupōairport.co.nz website www.Taupōairport.co.nz

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STATEMENT OF PERFORMANCE: PERFORMANCE TARGETS AND RESULTS ACHIEVED TO DATE

Non-financial performance:

Taupō Airport		
Objective: To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.		
Performance targets	**Results**	**Achievement**
To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems	Achieved	No diversions or cancellations due to facility maintenance (2019 Achieved)
The airport will be operated in such a way as to continue to hold CAA Part 139 certified	Achieved	The Airport is CAA Part 139 (2019 Achieved)
The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.	Achieved	Rule Part 139 Compliant Rule Part 100 Compliant (2019 Achieved)
The TAA be self-funding in terms of its own cash flow requirements.	Achieved	Operating cash flow for the half year is at breakeven (June 2019 $-67k) (2019 Not Achieved)

Financial performance:

Consolidated shareholder funds to total assets 90.22% (June 2019: 90.01%) against a projected 88%.

SUMMARY OF AIRCRAFT MOVEMENTS

For the six months ended 31 December 2019

	6 months to 31 December 2019	*Year to 30 June 2019*	*Year to 30 June 2018*	*Year to 30 June 2017*	*Year to 30 June 2016*
Scheduled airlines	1,516	3,012	2,992	2,914	*3,334*
Private operation	4,784	11,860	11,024	10,114	*10,317*
Parachuting	3,005	7,648	6,272	7,016	*8,636*
Charters	48	62	80	70	*90*
Military operations	8	52	24	30	*16*
Helicopters	2,502	5,626	5,316	5,100	*4,948*
	11,862	28,260	25,708	25,244	*27,341*

Statement of Comprehensive Revenue and Expense

For the half-year ended 31 December 2019

	Note	**Unaudited Actual 6 Months to 31 December 2019 $**	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Revenue				
Revenue from services provided	4	**248,911**	257,183	520,487
Finance revenue	5	**96**	137	248
Total revenue		**249,007**	257,320	520,735
Expenditure				
Employee benefit expenses	6	**62,370**	87,085	173,596
Depreciation and amortisation expense		**123,043**	117,111	270,882
Other expenses	6	**206,686**	199,178	383,167
Total operating expenditure		**392,099**	403,374	827,645
Surplus/(deficit) before tax		**(143,092)**	(146,054)	(306,910)
Income tax (expense)/credit		**-**	-	85,662
Surplus/(deficit) attributable to TDC and The Crown		**(143,092)**	(146,054)	(221,248)
Other comprehensive revenue				
Property, plant & equipment revaluations	7	**-**	-	(125,076)
Deferred tax on revaluation		**-**	-	(15,155)
Total other comprehensive income		**-**	-	(140,231)
Total comprehensive income		**(143,092)**	(146,054)	(361,479)
Net surplus/(deficit) after taxation is attributable to:				
TDC & The Crown		**(143,092)**	(146,054)	(221,248)
		(143,092)	(146,054)	(221,248)
Total comprehensive revenue and expenses attributable to:				
TDC and The Crown		**(143,092)**	(146,054)	(361,479)

Explanations of major variances against budget are provided in

Statement of Changes in Net Assets/Equity

For the half-year ended 31 December 2019

	Note	**Unaudited Actual 6 Months to 31 December 2019 $**	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Equity at start of the year	7	**10,199,914**	10,561,387	10,561,387
Total comprehensive revenue and expenses previously reported		**(143,092)**	(146,054)	(361,479)
Equity as at 31 December 2019	7	**10,056,823**	10,415,333	10,199,914
Total recognised revenue and expenses are attributable to:				
Taupo District Council		**(71,546)**	(73,027)	(180,740)
Crown		**(71,546)**	(73,027)	(180,739)
Total comprehensive revenue and expenses		**(143,092)**	(146,054)	(361,479)

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of Financial Position
As at 31 December 2019

	Note	**Unaudited Actual 6 Months to 31 December 2019 $**	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
ASSETS				
Cash and cash equivalents	8	**190,299**	186,726	190,364
Trade and other receivables	9	**57,324**	70,413	66,867
Prepayments		**12,367**	9,396	4,164
Total current assets		**259,990**	266,535	261,395
Non-current assets				
Intangible assets		**1,386**	2,426	1,906
Property, plant and equipment		**10,885,853**	11,285,837	11,008,712
Total non-current assets		**10,887,239**	11,288,263	11,010,618
Total assets		**11,147,229**	11,554,798	11,272,013
LIABILITIES				
Current liabilities				
Trade and other payables	10	**106,952**	71,521	101,790
Employee benefit liabilities	11	**28,119**	42,379	14,974
Total current liabilities		**135,071**	113,900	116,764
Non-current liabilities				
Employee benefits liabilities	11	**1,761**	1,484	1,761
Deferred tax liabilities		**953,574**	1,024,081	953,574
Total non-current liabilities		**955,335**	1,025,565	955,335
Total liabilities		**1,090,406**	1,139,465	1,072,099
Net assets (assets minus liabilities)		**10,056,823**	10,415,333	10,199,914
EQUITY				
Equity interest of joint venture partners	7	**4,071,585**	4,071,585	4,071,585
Appropriation accounts	7	**1,693,299**	2,165,339	1,836,391
Asset revaluation reserves	7	**4,291,936**	4,432,167	4,291,935
Total equity		**10,056,823**	10,415,333	10,199,914

Explanations of major variances against budget are provided in

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of cashflows
For the half-year ended 31 December 2019

	Note	**Unaudited Actual 6 Months to 31 December 2019 $**	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Cash flows from operating activities				
Receipts from customers		**252,842**	250,669	524,856
Finance revenue		**96**	137	248
Payments to suppliers		**(203,628)**	(231,987)	(391,503)
Payments to employees		**(49,225)**	(86,563)	(200,202)
Net GST paid		**(517)**	(818)	(322)
Net cash flow from operating activities		**(432)**	(68,562)	(66,923)
Cash flows from investing activities				
Receipts from sale of property, plant, and equipment		**5,000**	-	-
Purchase of property, plant and equipment		**(4,638)**	(11,144)	(9,142)
Net cash flow from investing activities		**362**	(11,144)	(9,142)
Net increase (decrease) in cash and cash equivalents held		**(70)**	(79,706)	(76,065)
Add cash at start of year		**190,364**	266,429	266,432
Cash, cash equivalents, and bank overdrafts at the end of the year	8	**190,294**	186,723	190,367

Summary of significant accounting policies and the accompanying notes from part of these financial statements.

1 Statement of accounting policies for the half-year ended 31 December 2019

1.1 Reporting entity

The Taupo Airport Authority is a joint venture between Taupo District Council and the Crown with both parties having a 50% interest. Taupo District Council has responsibility for the management of the Airport. Governance is provided by a Committee of Council

The primary objective of the Airport is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate, and efficient air transport needs of the Taupo district, rather than making a financial return. Accordingly, the Airport has designated itself a public benefit entity for the for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of Taupo Airport Authority are for the half year ended 31 December 2019. The financial statements were authorised for issue by the Airport Committee on 17th February 2020.

2 Summary of significant accounting policies

2.1 Statement of Compliance and Basis of Preparation

The financial statements have been prepared on the going concern basis and in accordance with the Civil Aviation Act 1990, the Airport Authorities Act 1966, and the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZGAAP).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared using the historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Airport is New Zealand dollars.

Changes in accounting policies

There have been no changes to accounting policies

2.2 GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables that have been shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

2.3 Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered (except as described above) is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Landing revenue is recognised on a straight-line basis over the term of the payments.

Rental revenue from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is measured at fair value of consideration received.

2 Summary of significant accounting policies

The main sources of revenue for the Airport are airfield landing charges and lease revenue from leasehold sites at the airport. Revenue is recognised in the period to which it relates. Payment is by cash, cheque, credit card, EFTPOS, automatic payment or direct debit.

2.4 Leases

(i) Finance leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lease are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease expense.

Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense using the effective interest rate method.

2.5 Equity

- Accumulated funds
- Revaluation Reserves

Equity is the community's interest in the Airport and is measured as the difference between total assets and total liabilities.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less.

2.7 Financial assets

Taupo Airport classifies its investments as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

2.8 Trade and other receivables

Trade and other receivables are recognised at their cost less impairment losses.

A provision for impairment of receivables is established when there is objective evidence that the Airport will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated recovery of the debt.

2 Summary of significant accounting policies

2.9 Property, plant and equipment

Property, plant, and equipment consist of operational assets, which include office equipment, furniture and fittings, computer equipment, and a vehicle.

These assets are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Airport and the cost of the item can be reliably measured.

Valuation methodologies
Those asset classes that are revalued, are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Airport and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Additions
Additions between valuations are shown at cost.

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Airport and the cost of the item can be measured reliably.

Disposals
Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

2 Summary of significant accounting policies

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property at its fair value at the date of the transfer.

Subsequent measurement

Property, plant, and equipment, and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Depreciation

Land is not depreciated. Depreciation has been provided on a straight-line basis on all property, plant, and equipment. Depreciation is provided at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life	Depreciation rates
Buildings	5 - 57 Years	1.75% - 20%
Furniture and Fittings	4 - 10 Years	10% - 25.2%
Office Equipment and Plant and Equipment	4 - 50 Years	2% - 25%
Motor vehicles	5 Years	20%
Infrastructural assets		
Formation	Indefinite	
Pavement	60 Years	
Top surface (seal)	15 Years	
Stormwater	50 - 80 Years	
Footpaths	80 Years	
Kerbs	50 Years	
Fencing	10 Years	
Streetlights	15 Years	

The depreciation rates are applied at a component level and are dependent on the expected remaining useful life of each component.

Details of valuations by asset class

Valuation of land and buildings

Airport land was initially valued at fair value by independent valuer Quotable Value New Zealand as at 1 July 2005, which was considered deemed cost. The land and buildings were revalued to fair value on the same basis by independent valuer, Quotable Value New Zealand at 30 June 2019. Land is not depreciated.

Valuation of infrastructural assets

Infrastructure assets are the utility systems that provide a continuing service to the Airport and are not generally regarded as tradeable. They include the runways, roads, and stormwater systems together with other improvements of an infrastructural nature. These assets were valued at fair value by Beca Projects NZ Limited at 30 June 2017.

Assets under construction/work in progress.

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. Assets under construction are recognised at cost less impairment, The current carrying amount of items under construction is separately disclosed.

All the Airport's assets are classed as non-generating, that is they are not held with the primary objective of generating a commercial return.

2 Summary of significant accounting policies

2.10 Intangible assets

Website

The website has been capitalised on the basis of costs incurred to acquire and bring to use the website. This has been valued at cost, and will be amortised over the expected useful life of the website.

Class of intangible asset	Estimated useful life	Amortisation rates
Website	4 years	25%

Costs associated with maintaining computer software are recognised as an expense when incurred.

2.11 Investment property

Properties leased to third parties under operating leases and properties held for capital appreciation are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Taupo Airport Authority measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive revenue and expense.

All investment properties have been disposed.

2.12 Financial Liabilities

Short term creditors and other payables are recorded at their face value.

2.13 Employee entitlements

Short-term employee entitlements

Provision is made in respect of the Airport's liability for salaries and wages accrued up to balance date, annual leave, long service leave, lieu leave, and gratuities.

Retiring gratuities and long service leave, where there is already actual entitlement, is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for annual leave and lieu day leave are accrued on an actual entitlement basis, using current rates of pay.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

2.14 Income tax

Income tax on the surplus or deficit for the year comprises current and deferred tax.

2 Summary of significant accounting policies

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

2.15 Budget figures

The budget figures are those approved by the Committee in the Statement of Intent and in complying with sections 64, 66, and 67 of the Local Government Act 2002.

2.16 Going Concern

The Taupo Airport Authority consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupo District Council that financial support and / or funding will be made available to ensure that the Airport can continue its current operations.

3 Critical accounting estimates and judgements

In preparing the financial statements the Airport made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Revenue from services provided

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Landing fees	**88,338**	92,761	189,878
Lease revenue	**92,942**	94,134	194,785
Other services	**17,901**	18,777	38,641
Other revenue	**-**	5	5
Total revenue from services provided	**248,696**	257,183	520,487

5 Finance revenue

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Interest revenue	**96**	137	248
Total finance revenue	**96**	137	248

6 Operating expenditure

Employee benefit expenses			
Salaries and wages	**54,305**	83,994	194,323
Increase/(decrease) in employee entitlements/liabilities	**6,541**	522	(26,606)
Defined contribution plan employer contributions	**1,524**	2,569	5,879
Total employee benefit expenses	**62,370**	87,085	173,596
Depreciation by asset class:			
Total depreciation	**122,523**	116,591	269,842
Total amortisation	**520**	520	1,040
Total depreciation and amortisation	**123,043**	117,111	270,882
Other expenses			
Audit fees for financial statements audit	**6,423**	6,423	12,845
Maintenance	**13,210**	19,256	29,644
Ground maintenance	**8,626**	9,454	17,202
Runway & pavement maintenance	**5,105**	4,159	12,388
Terminal maintenance	**2,894**	1,171	3,898
Contractors	**66,676**	12,794	41,290
Electricity and gas	**9,959**	7,724	12,793
Materials and supplies	**3,563**	3,402	4,970
Professional services fees/legal fees	**38,236**	74,597	132,613
Accountancy & business services TDC	**6,250**	6,250	12,500
Vehicle running costs	**598**	812	2,202
Insurance	**4,467**	3,928	8,296
Other grants	**-**	-	500
Cleaning	**10,117**	9,784	18,545
Equipment Hire	**9,518**	10,341	19,041
Loss on disposal of property, plant & equipment	**187**	16	16
Other expenses	**20,857**	29,067	54,424
Total other expenses	**206,686**	199,178	383,167

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7 Net assets/equity

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
(a) Equity Interest of Joint Venture Partners			
(i) Taupo District Council			
Opening balance	**2,003,902**	2,003,902	2,003,902
Closing balance	**2,003,902**	2,003,902	2,003,902
(ii) The Crown			
Opening balance	**2,067,683**	2,067,683	2,067,683
Closing balance	**2,067,683**	2,067,683	2,067,683
Total closing balance of equity accounts	**4,071,585**	4,071,585	4,071,585
(b) Appropriation Accounts			
(i) Taupo District Council			
Opening balance	**2,353,450**	2,417,782	2,353,450
Share of net surplus (deficit)	**(182,170)**	(73,027)	(110,624)
Closing balance	**2,171,280**	2,344,755	2,242,826
(ii) The Crown			
Opening balance	**(295,811)**	(106,389)	(295,811)
Share of net surplus (deficit)	**(182,170)**	(73,027)	(110,624)
Closing balance	**(477,981)**	(179,416)	(406,435)
Total closing balance of appropriation accounts	**1,693,299**	2,165,339	1,836,391
The breakdown of asset revaluation reserves are disclosed as follows:			
Opening balance	**4,291,936**	4,432,167	4,291,935
Property, plant and equipment revaluation reserve			
Balance at 1 July	**4,291,936**	4,432,167	4,432,167
Revaluation gains/(losses)	**-**	-	(125,076)
Deferred tax on revaluation	**-**	-	(15,155)
Transfer to accumulated funds	**-**	-	-
Less minority interest share in change in asset value	**-**	-	-
Balance at 31 December	**4,291,936**	4,432,167	4,291,936

7 Net assets/equity

Asset revaluation reserves for each asset class consist of:

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Operational assets:			
Land	**1,165,800**	1,345,000	1,165,800
Buildings	**228,723**	189,754	228,723
Fencing	**59,664**	59,664	59,664
Land improvements	**130,967**	130,967	130,967
Infrastructure assets			
Roading & streetlighting	**370,095**	370,095	370,095
Stormwater	**192,645**	192,645	192,645
Runways	**2,144,042**	2,144,042	2,144,042
Total asset revaluation reserves	**4,291,936**	4,432,167	4,291,936

8 Cash and cash equivalents

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Cash at bank and in hand	**44,038**	9,781	10,698
Call deposits	**146,261**	176,945	179,666
Total cash and cash equivalents used in statement of cashflows	**190,299**	186,726	190,364

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

9 Trade and other receivables

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Trade receivables	**56,733**	69,595	65,377
Other	**591**	818	1,490
Total current net trade and other receivables	**57,324**	70,413	66,867
Receivables from exchange transactions	**57,324**	69,595	66,867
Receivables from non-exchange transactions	**-**	818	-
Total current net trade and other receivables	**57,324**	70,413	66,867

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

9 Trade and other receivables

The status of receivables as at 31 December 2019 are detailed below:

	Actual 31 December 2019 $	Actual 31 December 2018 $	Audited Actual June 2019 $
Current	**44,477**	58,602	53,484
Past due 1-30 days	**6,838**	7,870	9,518
Past due 31-60 days	**225**	363	236
Past due 61+ days	**5,193**	2,760	2,139
At 31 December	**56,733**	69,595	65,377

10 Trade and other payables

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Trade payables	**29,713**	13,723	23,558
Accrued expenses	**29,773**	9,847	24,853
Revenue in advance	**47,466**	47,951	53,379
Other payables	**-**	-	-
Total creditors and other payables	**106,952**	71,521	101,790
Total creditors and other payables from exchange transactions	**59,806**	23,389	40,993
Total creditors and other payables from non-exchange transactions	**47,146**	48,132	60,797
Total current creditors and other payables from exchange and non-exchange transactions	**106,952**	71,521	101,790

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade payables approximates their fair value.

11 Employee benefit liabilities

	Unaudited Actual 6 Months to 31 December 2019 $	Unaudited Actual 6 Months to 31 December 2018 $	Audited Actual 30 June 2019 $
Current portion			
Accrued pay	**1,914**	-	-
Annual leave	**23,860**	42,379	14,974
Long service leave	**2,345**	-	-
Total current portion	**28,119**	42,379	14,974
Non-current portion			
Long service leave	**1,761**	1,484	1,761
Total non-current portion	**1,761**	1,484	1,761
Total employee entitlements	**29,880**	43,863	16,735

The present value of retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation figure. Any changes in these assumptions will affect the carrying amount of the liability.

A discount factor of 1.97% (June 2019 1.97%) and an inflation factor of 2% (June 2019 2%) were used.

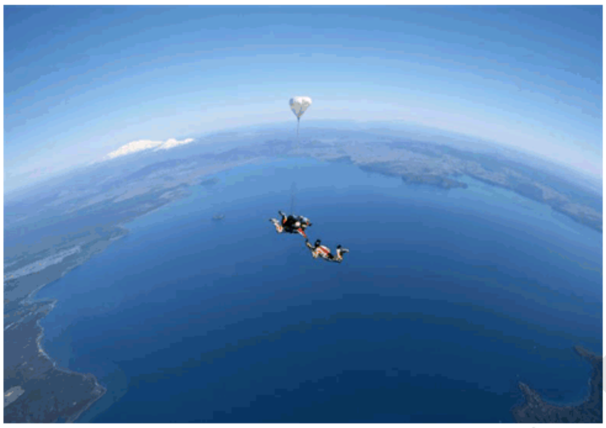
12 Contingencies

As at 31 December 2019 the Airport had no contingent liabilities or assets (June 2019: $0).

Contingent assets
There are no contingent assets at 31 December 2019 (June 2019 $0).

13 Events after balance date

There were no subsequent events after 31 December 2019.



STATEMENT OF INTENT

2021 – 2023

TAUPO AIRPORT AUTHORITY

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DIRECTORY

Governing Body	**Taupō Airport Authority Committee**	
	Mayor David Trewavas Councillor Christine Rankin (Council Representative) Councillor Kathy Guy (Council Representative) Chris Johnston (Business Representative)	
Airport General Manager	Kim Gard (Acting)	
Bankers	Bank of New Zealand, Taupō – transactional banking	
Auditors	Audit New Zealand on behalf of The Controller & Auditor General	
Solicitors / Legal Advisors	Le Pine & Co, Taupō	
Insurance Brokers	Aon New Zealand Limited	
Joint Venture Partners	Taupō District Council	50%
	The Crown (Ministry of Transport)	50%
Address	Anzac Memorial Drive, TAUPŌ, RD 2, TAUPŌ	
Telephone	Airport Manager	[07] 378-7771
	Facsimile	[07] 377-7776
	email	airport@Taupōairport.co.nz
	website	www.Taupōairport.co.nz

INTRODUCTION

The Taupo District Council and the Crown - represented by the Ministry of Transport, own the Taupo Airport Authority (TAA) equally.

TAA is managed, under agreement with the Crown, by the Taupo District Council. Management is represented by the General Manager of the Airport, who reports to the Chief Executive Officer of the Taupo District Council

STRATEGIC FOCUS & MAJOR PROJECTS

The Taupo Airport will be:

- A destination in its own right
- A vibrant hub for commercial business
- An experience that is authentic and efficient
- A service delivered for the community

How will we get there?

- Infrastructure development
  - Terminal
  - Parking
  - Airport hub environment (look & feel)
- Commercial land development
  - Airside
  - Landside
- Growth of tourism product
- Increased commercial passenger numbers
- Relationship management

Taupo is one of a handful of regional towns in NZ currently experiencing both economic and demographic growth. Taupō Airport (TA) provides a complimentary mix of scheduled air travel. This includes aviation enthusiasts, the southern hemisphere's busiest skydiving adventure operations, scenic flights, general transportation as well as commercial and retail offering to the market.

The redevelopment of the Taupō Airport in the context of the wider airport commercial precinct is a key growth project for the district. The development of the terminal buildings, carparks, baggage handling facilities, airport apron, retail, café, sewerage and water infrastructure, commercial land, roading, and other amenities will ensure that the airport is "future proofed" for the growth we are expecting in the Taupo district.

The airport was built in 1963 and the last upgrade occurred in 1994. The airport currently, does not cope with existing passenger demand nor can it provide the facilities required cope with current or future aviation flows.

In 2017, the airport was identified as a critical piece of transport infrastructure, requiring urgent investment through the District Economic Strengthening Strategy (produced by Taupo District Council) and the Bay of Plenty Visitor Economy Strategy (produced by the Bay of Connections and partially funded by MBIE).

In 2018/19, the TAA has engaged AirBiz, aviation specialist consultants based out of Auckland to complete a feasibility cost estimate as well as a cost benefit analysis on the most appropriate quantum for the upgrade.

A redeveloped airport precinct will create a gateway to the region that provides the amenity and level of service commensurate with Taupo District Council and central government economic growth aspirations.

While it is not possible to quantify future expenditure via this Statement of Intent, the TAA signals that it anticipates that the next few years will be a period of significant expansion for Taupō Airport.

PERFORMANCE TARGETS

(a) To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.

(b) The airport will be operated in such a way as to continue to hold CAA Part 139 certification

(c) The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.

(d) That TAA will be self funding in terms of its own cash flow.

TAA shall continue to review its performance targets to reflect the future growth and development of its services and operations.

FINANCIAL DISCLOSURES

REPORTING ENTITY

The Taupo Airport Authority is a joint venture between Taupo District Council and the Crown with both parties having a 50% interest. Taupo District Council has responsibility for the management of the Authority. Governance is provided by a Committee of Council.

The Taupo Airport Authority has designated itself as a tier one public benefit entity for the purposes of New Zealand equivalents to Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). These standards have applied from 1st July 2014.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Public Sector Accounting Standards. The primary objective of the Authority is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupo district, rather than making a financial return. Accordingly, the Authority has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared using the historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Authority is New Zealand dollars.

ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

1. **Goods & Services Tax**
   The financial statements have been prepared on a goods and services tax (GST) exclusive basis, except for trade and other receivables and trade and other payables.

2. **Revenue recognition**
   Exchange revenue

   Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered (except as described above) is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Landing revenue for those operators on bulk invoicing is recognised on a straight-line basis over the term of the payments. All other landing revenue is recognised in the period in which the landing occurred.

Rental revenue from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

3. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

4. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less.

5. Financial Assets

Taupo Airport classifies its investments as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income.

6. Trade Receivables

Trade receivables are recognised at their cost less impairment losses.

A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

7. Property, Plant and Equipment

Valuation methodologies

Those asset classes that are revalued are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Valuation of Land and Buildings

Airport land was initially valued at fair value by Quotable Value New Zealand as at 1 July 2005 which was deemed cost. The land and buildings were revalued to fair value by Quotable Value New Zealand as at 30 June 2019. Land is not depreciated.

Valuation of Infrastructural Assets

Infrastructural assets are the utility systems that provide a continuing service to the airport and are not generally regarded as tradable. They include the runways, roads and stormwater systems together with other improvements of an infrastructural nature. These assets were valued at fair value by Beca Projects NZ Ltd as at 30 June 2014.

All other property, plant, and equipment are stated at cost less depreciation.

Additions

Additions between valuations are shown at cost.

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Depreciation

Land is not depreciated. Depreciation has been provided on a straight-line basis on all property, plant and equipment. Depreciation is provided at rates calculated to allocate the asset cost over the estimated useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural assets

Formation	Indefinite	Pavement	60 Years
Top Surface	15 Years	Kerb	50 Years
Footpaths	80 Years	Stormwater	50 – 80 Years
Fencing	10 Years	Street Lighting	15 Years

Operational Assets

Buildings	40 Years	(2.5%)
Furniture and Fittings	10 Years	(10%)
Motor Vehicles	5 Years	(20%)
Office Equipment and Plant and Equipment	4 to 5 Years	(20%-25%)

The depreciation rates are applied at a component level and are dependent on the expected remaining useful life of each component.

Assets under construction/work in progress

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. The current carrying amount of items under construction is separately disclosed

All the Authority's assets are classed as non-cash generating, that is they are not held with the primary objective of generating a commercial return.

Intangible Assets

Website

The website has been capitalised on the basis of costs incurred to acquire and bring to use the website. This has been valued at cost, and will be amortised over the expected useful life of the website. This is estimated as 4 years (25%).

8. Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Taupo Airport Authority measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive income.

All investment properties have been disposed.

9. Financial Liabilities

Short term creditors and other payables are recorded at their face value.

10. Employee Entitlements

Provision is made in respect of the Airport's liability for annual leave. Annual leave has been calculated on an actual entitlement at current rates of pay.

11. Income Taxation

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

12 Revenue

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

13 Going Concern

The Taupo Airport Authority consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupo District Council that financial support and / or funding will be made available to ensure that the Authority can continue its current operations.

Acquisition of new investments
Approval of the joint venture partners is required before the joint venture can subscribe for, purchase or otherwise acquire shares in any company or other organisation.

Local Authority Compensation

The joint venture does not currently seek compensation from any local authority for any activities.

Commercial value of the investment

The joint venture partner's estimate of the commercial value of the joint venture partner's investment in the TAA is equal to the net assets of the airport authority. Some asset classes will be revalued. Where an asset class is revalued, the revaluations will be carried out at least every five years.

Distribution of profits/reserves to joint venture partners

Any distribution of profits is allocated 50/50 between the joint venture partners. There is currently no intention to distribute accumulated profits to the joint venture partners, but for the foreseeable future, any capital reserves shall be used to fund Capital Expenditure.

Information to be provided to shareholders
The committee will provide the following statements to shareholders

- At least 5 months prior to the start of the financial year the committee shall deliver to the Council a report setting out its recommendations on the annual budget.
- Within two months of the end of the first half of the financial year the following statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results.
- Within three months of the end of the financial year the following audited statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results plus a summary of how the Airport has faired against its objectives and prospects for the next financial year.

Setting of Fees and Charges

A single till approach shall be taken in setting fees and charges.

Projected Statement of Comprehensive Revenue & Expense

	Projected 30/06/2021 $	Projected 30/06/2022 $	Projected 30/06/2023 $
Income			
Revenue from services provided	510,980	517,712	524,599
Other Gains	-	-	-
Financial Revenue	180	184	188
Total Operating Revenue	511,160	517,896	524,787
Expenditure			
Employee benefit expenses	180,220	184,365	188,605
Depreciation and amortisation	240,088	224,461	217,001
Management and administration expenses	51,312	52,492	53,699
Other operating expenditure	226,292	231,497	236,821
Total Operating Expenditure	697,912	692,815	696,127
Operating Surplus (Deficit) before taxation	-186,752	-174,919	-171,340
Taxation (expense)/credit	-	-	-
Net Surplus (Deficit) after taxation	-186,752	-174,919	-171,340
Other comprehensive income			
Property, plant & equipment revaluations	-	-	-
Deferred tax on revaluation	-	-	-
Total Other Comprehensive Income	-	-	-
Total Comprehensive Income	-186,752	-174,919	-171,340

The projected ratio's of consolidated shareholders funds to total assets are as follows:

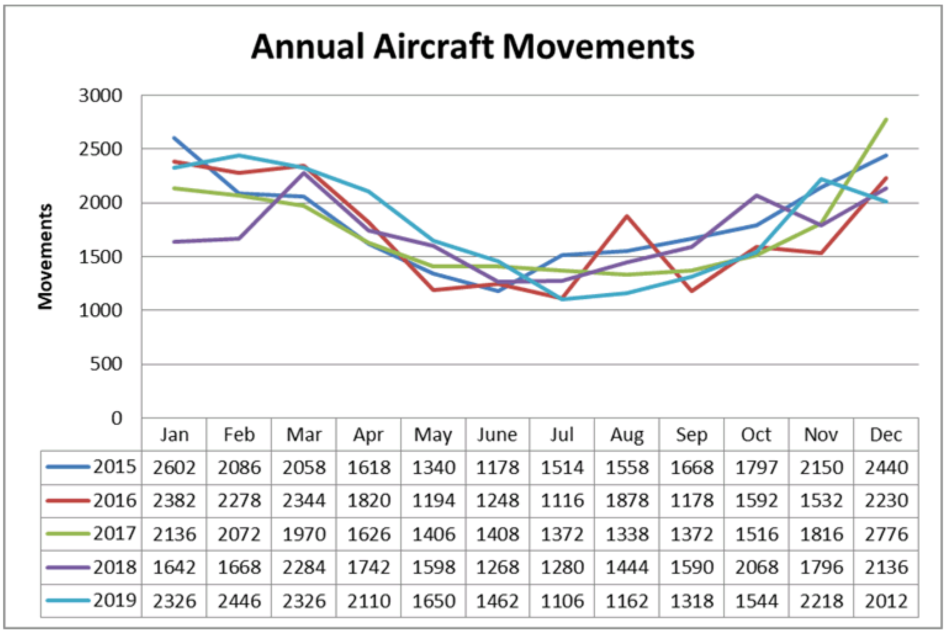
2020/21	86.0%
2021/22	84.0%
2022/23	82.0%

2018/19 Actual 90.01%

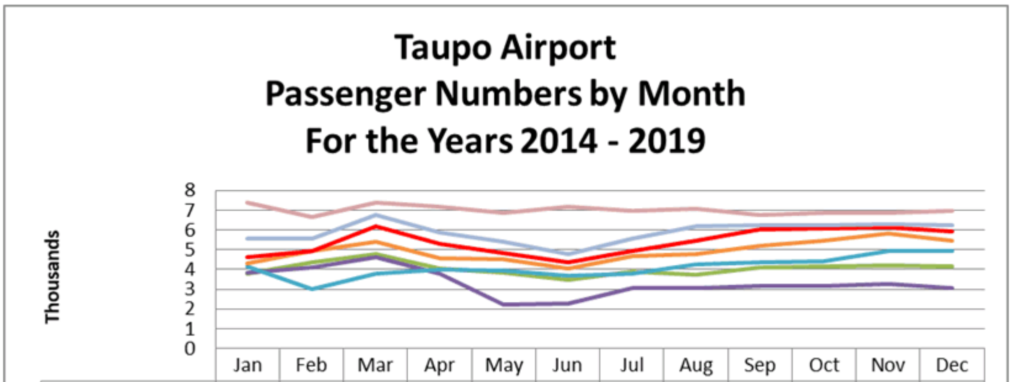
This ratio is calculated by dividing the total value of equity by the total value of assets

TO:	TAUPŌ AIRPORT AUTHORITY COMMITTEE
FROM	Taupō Airport Manager
SUBJECT:	General Manager’s Report –January 2020

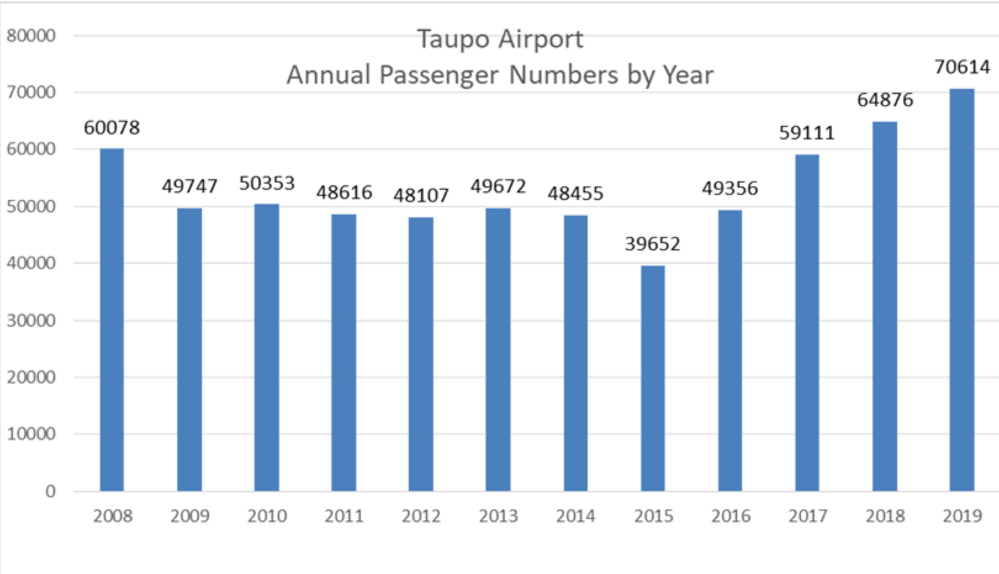
Operational



Landing Activity	Dec-19	Cumulative year 2019	Dec-18	Cumulative year 2018
Scheduled flights	238	2958	252	3010
Charters	12	80	16	68
General Aviation				
Helicopters	472	5452	534	5222
Parachute	832	7254	852	6664
Private	458	5916	482	5494
Military	0	20	0	58
Total Movements	2012	21680	2136	20516



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	3786	4337	4754	4044	3820	3476	3896	3726	4093	4171	4201	4151
2015	3826	4124	4612	3769	2228	2284	3060	3050	3172	3180	3275	3072
2016	4176	3012	3789	3999	3950	3703	3813	4280	4382	4403	4936	4913
2017	4294	4928	5410	4594	4501	4037	4656	4767	5194	5481	5798	5451
2018	4629	4917	6175	5325	4814	4369	4957	5447	6053	6088	6152	5950
2019	5546	5547	6759	5883	5397	4766	5562	6195	6214	6225	6297	6223
Seat Capacity	7388	6661	7379	7170	6879	7170	6979	7079	6770	6879	6870	6979



Manager's Report

Submitted 29 January 2020

Air BP Avgas Installation

Air BP has recently installed a 50,000l litre avgas tank, to replace their existing tank. Works commenced late 2019 and is expected to be complete by March 2020. The project has had no disruption to aircraft operations.

Airport Generator

A 240 amp, 3 phase generator has been installed by Taupo District Council. The generator is located adjacent to the Airways Power Centre. In the event there is a power outage the generator will service the terminal building, the Taupo Airport Authority management office and Jet A1 fuel pumps in front of the terminal ensuring business continuity.

Aircraft and Passenger Movements

While there has been a slight increase in aircraft movements from the same period last year, numbers have tended to remain static. We continue to see a growth in passenger numbers with 70614 recorded for the calendar year 2019.

Aircraft Charters

Over the summer months we continue to see an influx of charter aircraft arriving and departing from Taupo. The majority of the traffic is New Zealand registered charter aircraft.

NZDF Exercise

The NZ Defence Force will be carrying out a land based exercise camping on airport land for up to 5 weeks. The objective of the exercise is to test equipment and capabilities in the event of a deployment. The Taupo Airport Authority continues to have a long standing working relationship with the Defence Force and has been able to facilitate personal and aircraft.

Leases

TAA has been approached by 2 interested parties in leasing land in the vicinity of where Action World was previously located. Currently the land is unoccupied and consideration for further lease sites would be prudent.

Kim Gard
Acting Airport Manager – Taupō Airport Authority