

# **ATTACHMENTS**

## **Taupō Airport Authority Committee Meeting**

**27 February 2023**

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## ANNUAL REPORT 2022

### DIRECTORY

<b>Governing Body</b>	<b>Taupō Airport Authority (TAA) Committee</b> Mayor David Trewavas Councillor Kathy Guy (Council Representative) Councillor Christine Rankin (Council Representative) Chris Johnston (Business Representative) Andrew Hintz (Business Representative)	
<b>Airport General Manager</b>	Wayne Wootton (acting)	
<b>Bankers</b>	Bank of New Zealand, Taupō – transactional banking	
<b>Auditors</b>	Silks Audit on behalf of The Controller & Auditor General	
<b>Solicitors / Legal Advisors</b>	Holland Beckett Law, Taupō	
<b>Insurance Brokers</b>	Aon New Zealand Limited	
<b>Joint Venture Partners</b>	Taupō District Council (TDC)	50%
	The Crown (Ministry of Transport)	50%
<b>Address</b>	Anzac Memorial Drive, TAUPŌ RD 2, TAUPŌ	
<b>Telephone</b>	Airport Manager email website	[07] 378-7771 <a href="mailto:admin@Taupoairport.co.nz">admin@Taupoairport.co.nz</a> <a href="http://www.Taupoairport.co.nz">www.Taupoairport.co.nz</a>

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**STATEMENT OF PERFORMANCE: PERFORMANCE TARGETS AND RESULTS ACHIEVED TO DATE****Non-financial performance:**

<b>Taupō Airport Authority</b>		
<b>Objective:</b> To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.		
<b>Performance targets</b>	<b>Results</b>	<b>Achievement</b>
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 (2021: Achieved)
The airport will be operated in such a way as to continue to hold CAA Part 139 certification.	Achieved	The Airport is CAA Part 139 certified (2021: 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 (2021: Achieved)
The TAA will be self-funding in terms of its own cash flow.	Not Achieved	Although Operating cash flow for the year was +\$48k, this was due to delayed timing of payment due to Taupo District Council (2021: \$-31k, Not Achieved)

**Financial performance:**

Consolidated shareholder funds to total assets 92.5% (2021: 93.7%) against a projected 86.0%.

**SUMMARY OF AIRCRAFT MOVEMENTS**

*For the year ended 30 June 2022*

	<i>Year to 30 June 2022</i>	<i>Year to 30 June 2021</i>	<i>Year to 30 June 2020</i>	<i>Year to 30 June 2019</i>	<i>Year to 30 June 2018</i>
Scheduled airlines	1,824	2,016	2,278	3,012	2,992
Private operation	7,572	7,235	5,014	6,296	5,788
Parachuting	2,547	2,840	5,612	7,648	6,272
Military operations	6	16	12	52	24
Helicopters	5,567	4,875	4,642	5,626	5,316
	17,516	16,982	17,558	22,634	20,392

**CHAIRMANS REPORT**

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**INDEPENDENT AUDITOR'S REPORT**

4 PAGES

**Taupo Airport Authority  
Financial statements  
for the year ended 30 June 2022**

**Statement of Comprehensive Revenue and Expense**  
For the year ended 30 June 2022

	Note	Actual 2022 \$	TAA SOI 2022 \$	Actual 2021 \$
<b>Revenue</b>				
Revenue from services provided	4	442,281	457,489	438,555
Subsidies and grants	5	-	-	1,834
Finance revenue	6	3,461	-	2,330
<b>Total revenue</b>		<b>445,742</b>	<b>457,489</b>	<b>442,719</b>
<b>Expenditure</b>				
Employee benefit expenses	7	222,383	202,713	197,648
Depreciation and amortisation expense	12, 13	216,529	210,720	230,132
Building impairment	12	-	-	359,559
Other expenses	7	307,373	318,411	299,462
<b>Total operating expenditure</b>		<b>746,285</b>	<b>731,844</b>	<b>1,086,801</b>
<b>Deficit before tax</b>		<b>(300,543)</b>	<b>(274,355)</b>	<b>(644,082)</b>
Income tax (expense)/credit	8	78,696	-	185,866
<b>Deficit after tax</b>		<b>(221,847)</b>	<b>(274,355)</b>	<b>(458,216)</b>
<b>Other comprehensive income</b>				
Property, plant & equipment revaluations	9	1,135,454	-	(150,453)
Deferred tax on revaluation		(13,585)	-	42,127
<b>Total other comprehensive income</b>		<b>1,121,869</b>	<b>-</b>	<b>(108,326)</b>
<b>Total comprehensive income</b>		<b>900,022</b>	<b>(274,355)</b>	<b>(566,542)</b>
<b>Total comprehensive revenue and expenses attributable to: TDC and The Crown</b>		<b>900,022</b>	<b>(274,355)</b>	<b>(566,542)</b>
		<b>900,022</b>	<b>(274,355)</b>	<b>(566,542)</b>

Explanations of major variances against budget are provided in note 16.

**Statement of Changes in Equity**  
For the year ended 30 June 2022

	Note	Actual 2022 \$	TAA SOI 2022 \$	Actual 2021 \$
<b>Equity at start of the year</b>	9	<b>15,054,078</b>	-	13,120,621
Total comprehensive revenue and expenses		900,022	-	(566,542)
Equity injections by Crown		2,750,000	-	-
Equity injections by Taupo District Council		250,000	-	2,500,000
<b>Equity at end of the year</b>	9	<b>18,954,100</b>	<b>-</b>	<b>15,054,078</b>
<b>Total recognised revenue and expenses are attributable to:</b>				
Taupo District Council		993,480	(137,178)	(283,271)
The Crown		(93,458)	(137,177)	(283,271)
<b>Total comprehensive revenue and expenses</b>		<b>900,022</b>	<b>(274,355)</b>	<b>(566,542)</b>

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

**Statement of Financial Position**  
As at 30 June 2022

	Note	Actual 2022 \$	TAA SOI 2022 \$	Actual 2021 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	3,325,694	-	4,621,744
Trade and other receivables	11	136,463	-	92,041
Prepayments		1,130	-	5,572
<b>Total current assets</b>		<b>3,463,287</b>	<b>-</b>	<b>4,719,357</b>
<b>Non-current assets</b>				
Intangible assets	13	894	-	1,220
Property, plant and equipment	12	17,032,990	-	11,339,854
<b>Total non-current assets</b>		<b>17,033,884</b>	<b>-</b>	<b>11,341,074</b>
<b>Total assets</b>		<b>20,497,171</b>	<b>-</b>	<b>16,060,431</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	14	741,062	-	146,476
Employee benefit liabilities	15	44,688	-	33,715
Provisions	17	3,729	-	3,729
<b>Total current liabilities</b>		<b>789,479</b>	<b>-</b>	<b>183,920</b>
<b>Non-current liabilities</b>				
Provisions	18	13,052	-	16,781
Deferred tax liabilities	8	740,540	-	805,652
<b>Total non-current liabilities</b>		<b>753,592</b>	<b>-</b>	<b>822,433</b>
<b>Total liabilities</b>		<b>1,543,071</b>	<b>-</b>	<b>1,006,353</b>
<b>Net assets</b>		<b>18,954,100</b>	<b>-</b>	<b>15,054,078</b>
<b>EQUITY</b>				
Equity interest of joint venture partners	9	12,311,585	-	9,311,585
Appropriation accounts	9	1,759,322	-	1,981,169
Asset revaluation reserves	9	4,883,193	-	3,761,324
<b>Total equity</b>		<b>18,954,100</b>	<b>-</b>	<b>15,054,078</b>

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

**Statement of Cashflows**

For the year ended 30 June 2022

	Note	Actual 2022 \$	TAA SOI 2022 \$	Actual 2021 \$
<b>Cash flows from operating activities</b>				
Receipts from customers		455,477	-	422,575
Finance revenue		3,461	-	2,330
Net GST		(76,356)	-	1,557
Payments to suppliers		(122,839)	-	(258,383)
Payments to employees		(211,410)	-	(199,133)
<b>Net cash flow from operating activities</b>		<b>48,333</b>	<b>-</b>	<b>(31,054)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		12,186	-	-
Purchase of property, plant and equipment		(4,356,569)	-	(691,735)
<b>Net cash flow from investing activities</b>		<b>(4,344,383)</b>	<b>-</b>	<b>(691,735)</b>
<b>Cash flows from financing activities</b>				
Equity injections		3,000,000	-	2,500,000
<b>Net cash flows from financing activities</b>		<b>3,000,000</b>	<b>-</b>	<b>2,500,000</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(1,296,050)</b>	<b>-</b>	<b>1,777,211</b>
Add cash and cash equivalents at the beginning of the year		<b>4,621,744</b>	<b>-</b>	<b>2,844,533</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>3,325,694</b>	<b>-</b>	<b>4,621,744</b>

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

## **1 Statement of accounting policies for the year ended 30 June 2022**

### **1.1 Reporting entity**

The Taupo Airport Authority (TAA) is a joint venture between Taupo District Council (TDC) 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 purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of Taupo Airport Authority are for the year ended 30 June 2022. The financial statements were authorised for issue by the Taupo Airport Authority Committee on 27 February 2023.

## **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 (GAAP) in New Zealand. The financial statements have been prepared in accordance with Tier 2 RDR standards as total expenses are less than \$2m. These financial statements comply with Public Sector Public Benefit Entity (PS PBE) standards.

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 is New Zealand dollars.

#### **Changes in accounting policies**

There are no changes in 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 TAA 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 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.

#### (ii) 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.

#### (iii) 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.

#### (iv) 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

The equity of Taupo Airport Authority is made up of the following components:

- Capital contributions
- Accumulated funds
- Revaluation Reserves

Equity is the Partner'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 Authority 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 entity 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 consists of Land, operating assets, and infrastructural assets.

Asset classes that are not revalued are recorded at historical cost less accumulated depreciation and impairment losses. 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 entity 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 entity and the cost of the item can be reliably measured.

#### 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.

#### Transfers

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.

## 2 Summary of significant accounting policies

### Depreciation

Land is not depreciated. Depreciation has been provided on a straight-line basis on all other 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	2.5 - 64 Years	1.56% - 40.37%
Furniture and Fittings	4 - 15 Years	6.67% - 25.2%
Office Equipment and Plant and Equipment	4 - 50 Years	2.0% - 25.0%
Motor vehicles	5 Years	20.0%
Infrastructural assets		
Runways	3 - Indefinite Years	
Roading Network	3 - 52 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, and this 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 2022.

#### 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. The runway and roading assets were valued at fair value by independent valuer WSP New Zealand Limited (formerly Opus Consultants Limited) at 30 June 2020. The stormwater system assets were valued at fair value by independent valuer AECOM New Zealand Limited at 30 June 2021.

#### 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.

### 2.10 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 on a straight line basis over the expected useful life of the website.

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

## 2 Summary of significant accounting policies

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 currently 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, and lieu leave.

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, 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.

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.

## **2 Summary of significant accounting policies**

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 Statement of Intent (SOI) or Budget figures**

The budget figures are those approved by the TAA 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**

	TAA	
	Actual 2022 \$	Actual 2021 \$
Landing fees	116,420	126,590
Terminal passenger fees	58,788	66,453
Lease and terminal rent	245,072	230,393
Other services	9,815	15,119
Gain on sale of vehicle	12,186	-
<b>Total revenue from services provided</b>	<b>442,281</b>	<b>438,555</b>

**5 Subsidies and Grants**

	TAA	
	Actual 2022 \$	Actual 2021 \$
<b>Operational subsidies and grants</b>		
COVID-19 Wage Subsidy	-	1,834
<b>Total subsidies and grants</b>	<b>-</b>	<b>1,834</b>

Government Grants

There are no unfulfilled conditions or other contingencies attached to any recognised government grants.

**6 Finance revenue**

	TAA	
	Actual 2022 \$	Actual 2021 \$
Interest revenue	3,461	2,330
<b>Total finance revenue</b>	<b>3,461</b>	<b>2,330</b>

**7 Operating expenditure**

	TAA	
	Actual 2022 \$	Actual 2021 \$
<b>Employee benefit expenses</b>		
Salaries and wages	205,710	193,326
Increase/(decrease) in employee entitlements/liabilities	10,973	(1,485)
Defined contribution plan employer contributions	5,700	5,807
<b>Total employee benefit expenses</b>	<b>222,383</b>	<b>197,648</b>
 Total depreciation	 216,203	 229,185
Total amortisation	326	947
<b>Total depreciation and amortisation</b>	<b>216,529</b>	<b>230,132</b>
 <b>Other expenses</b>		
Audit fees for the financial statements	14,206	13,715
Landside maintenance	8,740	17,118
Airside maintenance	26,331	10,114
Terminal maintenance	3,203	3,395
Other maintenance	17,119	5,621
Airfield contractors	13,021	27,245
Electricity and gas	17,305	18,176
Materials and supplies	2,298	3,299
Professional services fees/legal fees	65,787	52,983
Accountancy & business services (TDC)	12,500	12,500
Vehicle running costs	8,539	12,487
Insurances	11,553	11,461
Committee expenses	-	630
Cleaning	23,750	21,926
Equipment hire and rental fees	7,623	22,085
Software licenses	34,471	14,121
Provision for bad debts	86	-
Other grants	350	-
Other expenses	40,491	52,586
<b>Total other expenses</b>	<b>307,373</b>	<b>299,462</b>

## 8 Income tax

	Actual 2022 \$	TAA Actual 2021 \$
<b>Components of tax expense/(credit)</b>		
Current tax	-	-
Deferred tax	(78,696)	(185,866)
<b>Tax expense/(credit)</b>	<b>(78,696)</b>	<b>(185,866)</b>
<b>Relationship between tax expense and accounting profit:</b>		
Net deficit	(300,543)	(644,082)
<b>Net deficit</b>	<b>(300,543)</b>	<b>(644,082)</b>
Tax calculated at 28%	(84,152)	(180,343)
<i>Plus (Less) tax effect of:</i>		
Deferred tax adjustment	5,456	(5,523)
Non-taxable income	-	-
<b>Tax expense/(credit)</b>	<b>(78,696)</b>	<b>(185,866)</b>

## Deferred tax liability

	Property, plant and equipment \$	Non- deductible provisions \$	Tax losses \$	Total \$
<b>Balance at 1 July 2020</b>	(1,620,800)	8,472	578,683	(1,033,645)
Charged to surplus or deficit	143,258	(1,292)	43,900	185,866
Charged to other comprehensive income	42,127	-	-	42,127
<b>Balance at 30 June 2021</b>	<b>(1,435,415)</b>	<b>7,180</b>	<b>622,583</b>	<b>(805,652)</b>

	Property, plant and equipment \$	Non- deductible provisions \$	Tax losses \$	Other \$	Total \$
<b>Balance at 1 July 2021</b>	(1,435,415)	7,180	622,583	-	(805,652)
Charged to surplus or deficit	30,406	(1,043)	49,083	251	78,697
Charged to other comprehensive income	(13,585)	-	-	-	(13,585)
<b>Balance at 30 June 2022</b>	<b>(1,418,594)</b>	<b>6,137</b>	<b>671,666</b>	<b>251</b>	<b>(740,540)</b>



## 9 Equity

	TAA	
	Actual 2022 \$	Actual 2021 \$
<b>(a) Equity Interest of Joint Venture Partners</b>		
<b>(i) Taupo District Council</b>		
Opening balance	6,373,902	3,873,902
Capital injections	250,000	2,500,000
<b>Closing balance</b>	<b>6,623,902</b>	<b>6,373,902</b>
<b>(ii) The Crown</b>		
Opening balance	2,937,683	2,937,683
Capital injections	2,750,000	-
<b>Closing balance</b>	<b>5,687,683</b>	<b>2,937,683</b>
<b>Total closing balance of equity accounts</b>	<b>12,311,585</b>	<b>9,311,585</b>
<b>(b) Appropriation Accounts</b>		
<b>(i) Taupo District Council</b>		
Opening balance	2,315,215	2,280,379
Transfer from reserves for disposed/impaired assets	-	122,150
Transfer from reserves for deferred tax on revaluation	-	141,794
Share of net deficit	(110,924)	(229,108)
<b>Closing balance</b>	<b>2,204,291</b>	<b>2,315,215</b>
<b>(ii) The Crown</b>		
Opening balance	(334,046)	(368,881)
Transfer from reserves for disposed/impaired assets	-	122,150
Transfer from reserves for deferred tax on revaluation	-	141,793
Share of net deficit	(110,923)	(229,108)
<b>Closing balance</b>	<b>(444,969)</b>	<b>(334,046)</b>
<b>Total closing balance of appropriation accounts</b>	<b>1,759,322</b>	<b>1,981,169</b>

## 9 Equity

### (c) Asset Revaluation Reserve

The breakdown of asset revaluation reserves are disclosed as follows:

	Actual 2022 \$	TAA Actual 2021 \$
<b>Property, plant and equipment revaluation reserve</b>		
<b>Opening Balance</b>	<b>3,761,324</b>	4,397,537
Revaluation gains/(losses)	<b>1,135,454</b>	(150,453)
Deferred tax on revaluation	<b>(13,585)</b>	42,127
Transfers out of reserves on disposal/impairment of property	-	(244,300)
Deferred tax on transfers out of reserves	-	68,404
Historic correction of deferred tax on revaluation reserves	-	(351,991)
<b>Closing Balance</b>	<b><u>4,883,193</u></b>	<b><u>3,761,324</u></b>
Represented by:		
<b>Operational assets:</b>		
Land	<b>2,389,772</b>	1,302,835
Buildings	<b>82,966</b>	48,034
Fencing	<b>54,811</b>	54,811
<b>Infrastructure assets:</b>		
Roading & streetlighting	<b>143,710</b>	143,710
Stormwater	<b>67,010</b>	67,010
Runways	<b><u>2,144,921</u></b>	<b><u>2,144,921</u></b>
<b>Total asset revaluation reserves</b>	<b><u>4,883,190</u></b>	<b><u>3,761,321</u></b>

**10 Cash and cash equivalents**

	Actual 2022 \$	TAA Actual 2021 \$
Cash at bank and in hand	1,543	17,419
Call deposits	3,324,151	4,604,325
<b>Total cash and cash equivalents used in statement of cashflows</b>	<b>3,325,694</b>	<b>4,621,744</b>

Included in call deposits is the project fund for the redevelopment project of \$3,241,412 (2021: \$4,544,230).

**11 Trade and other receivables**

	Actual 2022 \$	TAA Actual 2021 \$
Trade receivables	56,377	83,481
Receivables from related parties	196	4,956
Other	79,890	3,604
<b>Total current net trade and other receivables</b>	<b>136,463</b>	<b>92,041</b>
Receivables from exchange transactions	63,150	92,041
Receivables from non-exchange transactions	73,313	-
<b>Total current net trade and other receivables</b>	<b>136,463</b>	<b>92,041</b>

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.

**Bad and doubtful trade receivables**

The Airport has recognised a loss of \$86 (2021: \$Nil) in respect of bad and doubtful trade receivables during the year ended 30 June 2022. The loss has been included in 'other expenses' within the surplus or deficit of the statement of comprehensive revenue and expense.

The aging of receivables at balance day is detailed below:

	Actual 2022 \$	TAA Actual 2021 \$
Current	119,473	68,260
Past due 1-30 days	8,599	8,654
Past due 31-60 days	1,735	142
Past due 61+ days	6,656	14,985
<b>Total trade receivables</b>	<b>136,463</b>	<b>92,041</b>

## 12 Property, plant and equipment

June 2022	Cost / revaluation 1 Jul 2021 \$	Accumulated depreciation 1 Jul 2021 \$	Carrying amount 1 Jul 2021 \$	Current year additions (+ gains) \$	Current year impairment charges \$	Current year depreciation \$	Transfers \$	Revaluation surplus \$	Cost / revaluation 30 June 2022 \$	Accumulated depreciation 30 Jun 2022 \$	Carrying amount 30 June 2022 \$
<b>Operating assets At cost &amp; valuation</b>											
Buildings	254,741	(57,713)	197,028	-	-	(32,222)	-	48,517	271,373	(58,050)	213,323
Office furniture and fittings	126,365	(98,066)	28,299	3,280	-	(9,141)	-	-	129,645	(107,207)	22,438
Motor Vehicles	63,998	(43,964)	20,034	-	-	(5,590)	-	-	40,955	(26,511)	14,444
Capital work in progress - Airport redevelopment	<u>713,236</u>	<u>-</u>	<u>713,236</u>	<u>4,666,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,380,030</u>	<u>-</u>	<u>5,380,030</u>
<b>Total operating assets</b>	<b><u>1,158,340</u></b>	<b><u>(199,743)</u></b>	<b><u>958,597</u></b>	<b><u>4,670,074</u></b>	<b><u>-</u></b>	<b><u>(46,953)</u></b>	<b><u>-</u></b>	<b><u>48,517</u></b>	<b><u>5,822,003</u></b>	<b><u>(191,768)</u></b>	<b><u>5,630,235</u></b>
<b>Infrastructural assets At cost &amp; valuation</b>											
Roading	1,427,450	(15,989)	1,411,461	-	-	(15,990)	-	-	1,427,450	(31,979)	1,395,471
Stormwater	185,387	-	185,387	-	-	(2,317)	-	-	185,387	(2,317)	183,070
Runways	<u>4,899,354</u>	<u>(150,945)</u>	<u>4,748,409</u>	<u>9,750</u>	<u>-</u>	<u>(150,945)</u>	<u>-</u>	<u>-</u>	<u>4,909,104</u>	<u>(301,890)</u>	<u>4,607,214</u>
<b>Total infrastructural assets</b>	<b><u>6,512,191</u></b>	<b><u>(166,934)</u></b>	<b><u>6,345,257</u></b>	<b><u>9,750</u></b>	<b><u>-</u></b>	<b><u>(169,252)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,521,941</u></b>	<b><u>(336,186)</u></b>	<b><u>6,185,755</u></b>
<b>Restricted assets At cost &amp; valuation</b>											
Land	<u>4,036,000</u>	<u>-</u>	<u>4,036,000</u>	<u>94,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,937</u>	<u>5,217,000</u>	<u>-</u>	<u>5,217,000</u>
<b>Total restricted assets</b>	<b><u>4,036,000</u></b>	<b><u>-</u></b>	<b><u>4,036,000</u></b>	<b><u>94,063</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,086,937</u></b>	<b><u>5,217,000</u></b>	<b><u>-</u></b>	<b><u>5,217,000</u></b>
<b>Total</b>	<b><u>11,706,531</u></b>	<b><u>(366,677)</u></b>	<b><u>11,339,854</u></b>	<b><u>4,773,887</u></b>	<b><u>-</u></b>	<b><u>(216,205)</u></b>	<b><u>-</u></b>	<b><u>1,135,454</u></b>	<b><u>17,560,944</u></b>	<b><u>(527,954)</u></b>	<b><u>17,032,990</u></b>

June 2021	Cost / revaluation 1 Jul 2020 \$	Accumulated depreciation 1 Jul 2020 \$	Carrying amount 1 Jul 2020 \$	Current year additions (+ gains) \$	Current year impairment charges \$	Current year depreciation \$	Revaluation surplus \$	Cost / revaluation 30 Jun 2021 \$	Accumulated depreciation 30 Jun 2021 \$	Carrying amount 30 Jun 2021 \$
<b>Operating assets At cost &amp; valuation</b>										
Buildings	614,300	(25,492)	588,808	-	(359,559)	(32,221)	-	254,741	(57,713)	197,028
Office furniture and fittings	122,581	(81,055)	41,526	3,785	-	(17,012)	-	126,365	(98,066)	28,299
Motor Vehicles	63,998	(35,635)	28,363	-	-	(8,329)	-	63,998	(43,964)	20,034
Capital work in progress - Airport redevelopment	24,467	-	24,467	688,769	-	-	-	713,236	-	713,236
<b>Total operating assets</b>	<b>825,346</b>	<b>(142,182)</b>	<b>683,164</b>	<b>692,554</b>	<b>(359,559)</b>	<b>(57,562)</b>	<b>-</b>	<b>1,158,340</b>	<b>(199,743)</b>	<b>958,597</b>
<b>Infrastructural assets At cost &amp; valuation</b>										
Roading	1,427,449	-	1,427,449	-	-	(15,988)	-	1,427,450	(15,989)	1,411,461
Stormwater	375,200	(34,670)	340,530	-	-	(4,690)	(150,453)	185,387	-	185,387
Runways	4,899,354	-	4,899,354	-	-	(150,945)	-	4,899,354	(150,945)	4,748,409
<b>Total infrastructural assets</b>	<b>6,702,003</b>	<b>(34,670)</b>	<b>6,667,333</b>	<b>-</b>	<b>-</b>	<b>(171,623)</b>	<b>(150,453)</b>	<b>6,512,191</b>	<b>(166,934)</b>	<b>6,345,257</b>
<b>Restricted assets At cost &amp; valuation</b>										
Land	4,036,000	-	4,036,000	-	-	-	-	4,036,000	-	4,036,000
<b>Total restricted assets</b>	<b>4,036,000</b>	<b>-</b>	<b>4,036,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,036,000</b>	<b>-</b>	<b>4,036,000</b>
<b>Total</b>	<b>11,563,349</b>	<b>(176,852)</b>	<b>11,386,497</b>	<b>692,554</b>	<b>(359,559)</b>	<b>(229,185)</b>	<b>(150,453)</b>	<b>11,706,531</b>	<b>(366,677)</b>	<b>11,339,854</b>

**Valuation approach***Land (operational, restricted, and infrastructural)*

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

*Buildings (operational and restricted)*

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. The Airport has no such buildings

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

*Infrastructural asset classes: roading, stormwater and runways*

Roading, stormwater and runway infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Airport could be over-or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

**Impairment**

No impairment losses have been recognised for property, plant & equipment during the year (2021: an impairment loss of \$359,559 was recognised for the terminal building that is to be demolished).

**Work in progress**

The Work in progress of \$5.38m relates to the new Terminal and Carpark redevelopment. The budget for these projects is \$9.24m. The Terminal and Carpark project is expected to be completed by December 2022. The aircraft Apron project (\$0.8m) is expected to be completed in FY24.

**Leasing**

The Airport has no plant and equipment held under finance leases (2021: \$Nil).

**Restrictions**

The Airport has land in the “restricted Asset” category. Land in the ‘Restricted Asset’ category are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserves under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the assets can be used). There are no buildings in this category.

### 13 Intangible assets

Movements in the carrying value for each class of intangible asset are as follows:

	<b>Computer software \$</b>
<b>At 1 July 2020</b>	
Cost	10,681
Accumulated amortisation and impairment	<u>(9,815)</u>
<b>Net book amount</b>	<u>866</u>
<b>Year ended 30 June 2021</b>	
Opening net book amount	866
Additions	1,301
Amortisation charge	<u>(947)</u>
<b>Closing net book amount</b>	<u>1,220</u>
<b>As at 30 June 2021</b>	
Cost	11,982
Accumulated amortisation and impairment	<u>(10,762)</u>
<b>Net book amount</b>	<u>1,220</u>
	<b>\$</b>
<b>Year ended 30 June 2022</b>	
Opening net book amount	1,220
Additions	-
Amortisation charge	<u>(326)</u>
<b>Closing net book amount</b>	<u>894</u>
<b>As at 30 June 2022</b>	
Cost	11,982
Accumulated amortisation and impairment	<u>(11,088)</u>
<b>Net book amount</b>	<u>894</u>

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

#### Impairment

No impairment losses have been recognised for any intangible asset.

**14 Trade and other payables**

	TAA	
	Actual 2022 \$	Actual 2021 \$
Trade payables	235,172	52,476
Accrued expenses	455,087	40,374
Revenue in advance	50,803	53,626
<b>Total creditors and other payables</b>	<b>741,062</b>	<b>146,476</b>
Total creditors and other payables from exchange transactions	740,166	141,771
Total creditors and other payables from non-exchange transactions	896	4,705
<b>Total current creditors and other payables from exchange and non-exchange transactions</b>	<b>741,062</b>	<b>146,476</b>

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.

**15 Employee benefit liabilities**

	TAA	
	Actual 2022 \$	Actual 2021 \$
<b>Current portion</b>		
Accrued pay	3,540	2,141
Annual leave	36,602	28,499
Lieu leave	946	730
Long service leave	3,600	2,345
<b>Total current portion</b>	<b>44,688</b>	<b>33,715</b>
<b>Non-current portion</b>		
<b>Total non-current portion</b>	<b>-</b>	<b>-</b>
<b>Total employee entitlements</b>	<b>44,688</b>	<b>33,715</b>

There is assumed to be no Non current retirement or long service leave obligations



**16 Explanation of major variances against budget**

	TAA	
	Actual 2022 \$	SOI 2022 \$
Total revenue	445,742	457,489
Total expenditure	<u>(746,285)</u>	<u>(731,844)</u>
Deficit before tax	<u>(300,543)</u>	<u>(274,355)</u>

**Explanations for major variations from the Statement of Intent**

	Actual 2022 \$	SOI 2022 \$
<b>Main variances in revenue against budget</b>		
Landing and terminal passenger fees		
Mostly due to lower than expected scheduled flights due to Covid-19 restrictions	175,208	220,789
Gain on sale of motor vehicle	12,186	-
Other	<u>258,348</u>	<u>236,700</u>
	<u>445,742</u>	<u>457,489</u>
<b>Main variances in expense against budget</b>		
Employee benefit expenses		
Salaries and wages higher than budget	222,383	207,713
Professional services fees/legal fees		
Aeronautical study lower than budget	35,000	40,000
Revaluation of asset fees lower than budget	-	10,000
Incident investigation expense unbudgeted	8,727	-
Valuations for new terminal leases unbudgeted	4,500	-
Tax disclosures and return higher than budget	9,650	6,000
Other professional fees higher than budget	7,910	5,000
Airfield contractors		
Contract staff lower than budget	13,021	30,000
Other maintenance		
Spray, fertilise & drill cropping land	17,119	-
Depreciation higher than budget due to accelerated depreciation on terminal building	216,529	210,720
Other expenses	<u>211,446</u>	<u>222,411</u>
	<u>746,285</u>	<u>731,844</u>

**17 Current liabilities - Provisions**

	<b>TAA</b>	
	<b>Actual 2022 \$</b>	<b>Actual 2021 \$</b>
Other provisions	<b>3,729</b>	<b>3,729</b>
<b>Total current portion</b>	<b>3,729</b>	<b>3,729</b>

This amount represents the current portion of a provision for a claim brought against the TAA in relation to a boundary dispute. The TAA is not disclosing any further information with regards to the nature of the obligation or the timing of the liability, to avoid prejudicing TAA's position.

**18 Non-current liabilities - Provisions**

	<b>TAA</b>	
	<b>Actual 2022 \$</b>	<b>Actual 2021 \$</b>
Other provisions	<b>13,052</b>	<b>16,781</b>
<b>Total non-current portion</b>	<b>13,052</b>	<b>16,781</b>
<b>Movement in other provisions is as follows:</b>		
Balance at 1 July	<b>16,781</b>	<b>20,510</b>
Amounts used	<b>(3,729)</b>	<b>(3,729)</b>
Balance at 30 June	<b>13,052</b>	<b>16,781</b>

This amount represents the non current portion of a provision for a claim brought against the TAA in relation to a boundary dispute. The TAA is not disclosing any further information with regards to the nature of the obligation or the timing of the liability, to avoid prejudicing TAA's position.

**19 Related party transactions**

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Airport would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with the Crown and with entities within the Taupo District Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Equity injections were made during the financial year of \$2.75m by the Crown (2021: \$Nil) and \$0.25m by Taupo District Council (2021: \$2.5m).

*Key management personnel*

	<b>TAA</b>	
	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>Council members</b>		
Full-time equivalent members (Committee Members)	<b>5</b>	<b>5</b>
<b>Total full-time equivalent personnel</b>	<b>5</b>	<b>5</b>

Due to the difficulty in determining the full-time equivalent for Committee Members, the fulltime equivalent figure is taken as the number of Committee Members.

## 20 Capital & operational commitments and operating leases

As at 30 June 2022 the Airport has capital commitments relating to the \$10.04m redevelopment of Taupo Airport. \$5.0m of funding has been granted from the Provincial Growth Fund to be contributed as Partners equity. This funding is received as the project milestones are reached and as at 30 June 2022 \$4.0m has been received. The remaining \$5.04m has been or will be provided as equity contributions from the joint venture partners, and as at 30 June 2022 \$4.24m has been contributed.

As at 30 June 2022 the outstanding project spend is \$4.65m (2021: \$8.52m). Taupo Airport Authority has outstanding contractual commitments of \$165k (2021: \$333k). Taupo District Council has entered into construction contracts on behalf of Taupo Airport Authority with outstanding contractual commitments of \$3.18m (2021: \$7.14m).

As at 30 June 2022 the Airport had operational commitments of \$38,880 (2021: \$Nil) and no operating leases as lessee (2021: \$Nil).

### Operating leases as lessor

Airport land is leased to tenants under operating leases. The majority of these leases have non-cancellable terms. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	TAA	
	Actual 2022 \$	Actual 2021 \$
Not later than one year	207,420	204,120
Later than one year and not later than five years	564,426	698,558
Later than five years	133,885	129,556
<b>Total non-cancellable operating leases</b>	<b>905,731</b>	<b>1,032,234</b>

No contingent rents have been recognised in the statement of comprehensive revenue and expense during the period.

## 21 Contingencies

As at 30 June 2022 the Airport had no contingent assets (2021: \$Nil). The following contingent liability existed as at 30 June 2022 and 2021.

In April 2021, damage was caused to an aircraft's propeller following a single aircraft incident on the runway at Taupo Airport. An independent safety investigation was undertaken shortly after the incident which indicated pilot error. In April 2022 TAA received a demand to reimburse the pilot the costs incurred to repair the aircraft. At this point, TAA cannot reliably determine whether a liability exists, but as TAA has insurance coverage for this event TAA exposure will be minimal.

## 22 Financial instruments

### Financial instrument categories

<b>Assets</b>	<b>Loans and receivables \$</b>	<b>Total \$</b>
<b>30 June 2022</b>		
Cash and cash equivalent	3,325,694	3,325,694
Receivables and prepayments	<u>136,463</u>	<u>136,463</u>
<b>Total assets</b>	<b><u>3,462,157</u></b>	<b><u>3,462,157</u></b>
<b>30 June 2021</b>		
Cash and cash equivalent	4,621,744	4,621,744
Receivables and prepayments	<u>92,041</u>	<u>92,041</u>
<b>Total assets</b>	<b><u>4,713,785</u></b>	<b><u>4,713,785</u></b>
	<b>Measured at amortised cost \$</b>	<b>Total \$</b>
<b>Liabilities</b>		
<b>30 June 2022</b>		
Payables and accruals	<u>690,258</u>	<u>690,258</u>
<b>Total liabilities</b>	<b><u>690,258</u></b>	<b><u>690,258</u></b>
<b>30 June 2021</b>		
Payables and accruals	<u>92,851</u>	<u>92,851</u>
<b>Total liabilities</b>	<b><u>92,851</u></b>	<b><u>92,851</u></b>

## 23 Events after balance date

The General Manager Rhys Frearson resigned in July 2022, and has been replaced by Acting General Manager Wayne Wootton.

There were no other subsequent events after 30 June 2022.

## 24 Covid-19

The impact on the financial statements of Covid-19 has most noticeably been seen in the reduction of revenue from landing fees and passenger terminal charges.

Sounds Air and Air New Zealand resumed flights with a much reduced schedule, this has led to a reduction in income from landing fees and passenger terminal charges for the period, compared to the same period prior to Covid-19.

**25 Breach of statutory reporting deadline**

Taupo Airport Authority is required under section 67(5) of the Local Government Act 2002 to complete its audited financial statement and service performance information by 30 November 2022. The time frame was not met due to an auditor shortage in New Zealand.



## INTERIM REPORT 2022

### DIRECTORY

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

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**STATEMENT OF PERFORMANCE: PERFORMANCE TARGETS AND RESULTS ACHIEVED TO DATE****Non-financial performance:**

<b>Taupō Airport</b>		
<b>Objective:</b> To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.		
<b>Performance targets</b>	<b>Results</b>	<b>Achievement</b>
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 (2022: Achieved)
The airport will be operated in such a way as to continue to hold CAA Part 139 certification.	Achieved	The Airport is CAA Part 139 certified (2022: 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 (2022: Achieved)
The TAA will be self-funding in terms of its own cash flow.	Not Achieved	Operating cash flow for the year to date is \$-298k (June 2021: \$-78k, Not Achieved)

**Financial performance:**

Consolidated shareholder funds to total assets 92.26% (June 2021: 91.34%) against a projected 86.0%.

**SUMMARY OF AIRCRAFT MOVEMENTS**

*For the six months ended 31 December 2022*

	<i>Six months to 31 December 2022</i>	<i>Six months to 31 December 2021</i>	<i>Year to 30 June 2022</i>	<i>Year to 30 June 2021</i>	<i>Year to 30 June 2020</i>
Scheduled airlines	1,068	710	1,824	2,016	2,278
Private operation	3,182	3,697	7,572	7,235	5,014
Parachuting	1,520	858	2,547	2,840	5,612
Military operations	0	3	6	16	12
Helicopters	2,923	2,759	5,567	4,875	4,642
	8,693	8,027	17,516	16,982	17,558



**Taupo Airport Authority  
Financial statements  
for the Half-year ended 31 December  
2022**

**Statement of Comprehensive Revenue and Expense**  
For the half-year ended 31 December 2022

		<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 months to 30 June 2022 \$</b>
	Note			
<b>Revenue</b>				
Revenue from services provided	4	246,146	205,066	442,281
Finance revenue	5	6,142	1,391	3,461
<b>Total revenue</b>		<b>252,288</b>	<b>206,457</b>	<b>445,742</b>
<b>Expenditure</b>				
Employee benefit expenses	6	114,227	96,497	222,383
Depreciation and amortisation expense		109,057	109,339	216,529
Other expenses	6	175,021	181,658	307,373
<b>Total operating expenditure</b>		<b>398,305</b>	<b>387,494</b>	<b>746,285</b>
<b>Surplus/(deficit) before tax</b>		<b>(146,017)</b>	<b>(181,037)</b>	<b>(300,543)</b>
Income tax (expense)/credit		-	-	78,696
<b>Surplus/(deficit) attributable to TDC and The Crown</b>		<b>(146,017)</b>	<b>(181,037)</b>	<b>(221,847)</b>
<b>Other comprehensive revenue</b>				
Property, plant & equipment revaluations	7	-	-	1,135,454
Deferred tax on revaluation		-	-	(13,585)
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>1,121,869</b>
<b>Total comprehensive income</b>		<b>(146,017)</b>	<b>(181,037)</b>	<b>900,022</b>
<b>Total comprehensive revenue and expenses attributable to: TDC and The Crown</b>		<b>(146,017)</b>	<b>(181,037)</b>	<b>900,022</b>

**Statement of Changes in Equity**  
For the half-year ended 31 December 2022

		<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
	Note			
<b>Equity at start of the year</b>	7	<b>18,954,100</b>	14,854,372	15,054,078
Total comprehensive revenue and expenses previously reported		(146,017)	(181,037)	900,022
Equity injections by Crown		98,406	2,750,000	2,750,000
Equity injections by Taupo District Council		-	250,000	250,000
<b>Equity as at 31 December 2022</b>	7	<b>18,906,489</b>	<b>17,673,334</b>	<b>18,954,100</b>
<b>Total recognised revenue and expenses are attributable to:</b>				
Taupo District Council		(73,008)	(90,518)	993,480
Crown		(73,009)	(90,519)	(93,458)
<b>Total comprehensive revenue and expenses</b>		<b>(146,017)</b>	<b>(181,037)</b>	<b>900,022</b>

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

**Statement of Financial Position**  
As at 31 December 2022

	Note	Unaudited Actual As at 31 Dec 2022 \$	Unaudited Actual As at 31 Dec 2021 \$	Audited Actual As at 30 June 2022 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	242,263	5,776,338	3,325,694
Trade and other receivables	9	171,002	115,521	136,463
Prepayments		11,136	900	1,130
<b>Total current assets</b>		<b>424,401</b>	<b>5,892,759</b>	<b>3,463,287</b>
<b>Non-current assets</b>				
Intangible assets		731	1,057	894
Property, plant and equipment		20,066,556	13,454,498	17,032,990
<b>Total non-current assets</b>		<b>20,067,287</b>	<b>13,455,555</b>	<b>17,033,884</b>
<b>Total assets</b>		<b>20,491,688</b>	<b>19,348,314</b>	<b>20,497,171</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	10	597,124	619,251	741,062
Employee benefit liabilities	11	32,620	31,726	44,688
Provisions		3,729	3,729	3,729
<b>Total current liabilities</b>		<b>633,473</b>	<b>654,706</b>	<b>789,479</b>
<b>Non-current liabilities</b>				
Borrowings		200,000	-	-
Provisions		11,187	14,916	13,052
Deferred tax liabilities		740,539	1,005,358	740,540
<b>Total non-current liabilities</b>		<b>951,726</b>	<b>1,020,274</b>	<b>753,592</b>
<b>Total liabilities</b>		<b>1,585,199</b>	<b>1,674,980</b>	<b>1,543,071</b>
<b>Net assets</b>		<b>18,906,489</b>	<b>17,673,334</b>	<b>18,954,100</b>
<b>EQUITY</b>				
Equity interest of joint venture partners	7	12,409,993	12,311,585	12,311,585
Appropriation accounts	7	1,613,303	1,600,426	1,759,322
Asset revaluation reserves	7	4,883,193	3,761,323	4,883,193
<b>Total equity</b>		<b>18,906,489</b>	<b>17,673,334</b>	<b>18,954,100</b>

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 2022

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
Note			
<b>Cash flows from operating activities</b>			
Receipts from customers	241,470	226,358	455,477
Finance revenue	6,142	1,391	3,461
Payments to suppliers	(395,866)	(145,716)	(122,839)
Payments to employees	(126,293)	(98,487)	(211,410)
Interest paid	(966)	-	-
Net GST	(22,359)	(62,285)	(76,356)
<b>Net cash flow from operating activities</b>	<b>(297,872)</b>	<b>(78,739)</b>	<b>48,333</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of property, plant, and equipment	-	12,186	12,186
Purchase of property, plant and equipment	(3,083,966)	(1,778,853)	(4,356,569)
<b>Net cash flow from investing activities</b>	<b>(3,083,966)</b>	<b>(1,766,667)</b>	<b>(4,344,383)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	200,000	-	-
Equity injection	98,407	3,000,000	3,000,000
<b>Net cash flow from financing activities</b>	<b>298,407</b>	<b>3,000,000</b>	<b>3,000,000</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<b>(3,083,431)</b>	1,154,594	(1,296,050)
Add cash at start of year	<b>3,325,694</b>	4,621,744	4,621,744
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b>242,263</b>	5,776,338	3,325,694

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 2022**

### **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 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 2022. The financial statements were authorised for issue by the Airport Committee on 27th February 2023.

## **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 financial statements have been prepared in accordance with Tier 2 RDR standards as total expenses are less than \$2.0m. These financial statements comply with Public Sector Public Benefit Entity (PS PBE) standards.

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 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 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.

#### (ii) 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.

#### (iii) 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.

#### (iv) 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

The equity of Taupo Airport Authority is made up of the following components:

- Capital contributions
- Accumulated funds
- Revaluation Reserves

Equity is the Partner'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 Authority 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 Land, operating assets, and infrastructural assets.

Asset classes that are not revalued are recorded at historical cost less accumulated depreciation and impairment losses. 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.

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.

## 2 Summary of significant accounting policies

### 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	2.5 - 64 Years	1.56% - 40.37%
Furniture and Fittings	4 - 15 Years	6.67% - 25.2%
Office Equipment and Plant and Equipment	4 - 50 Years	2% - 25%
Motor vehicles	5 Years	20%
Infrastructural assets		
Runways	3 - Indefinite years	
Roading network	3 - 52 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 2022.

#### 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. The runway and roading assets were valued at fair value by WSP New Zealand Limited (formerly Opus Consultants Limited) at 30 June 2020. The stormwater system assets were valued at fair value by AECOM New Zealand Limited at 30 June 2021.

#### 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.

### 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 Summary of significant accounting policies

### 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 currently 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, and lieu leave.

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.

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.

## 2 Summary of significant accounting policies

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 Statement of Intent (SOI) or 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 Taupo Airport Authority 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

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
Landing fees	73,315	41,142	116,420
Terminal passenger fees	-	18,682	58,788
Lease revenue	122,337	119,329	245,072
Other services	50,494	5,000	9,815
Other revenue	-	20,913	12,186
<b>Total revenue from services provided</b>	<b>246,146</b>	<b>205,066</b>	<b>442,281</b>

## 5 Finance revenue

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
Interest revenue	6,142	1,391	3,461
<b>Total finance revenue</b>	<b>6,142</b>	<b>1,391</b>	<b>3,461</b>

**6 Operating expenditure**

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
<b>Employee benefit expenses</b>			
Salaries and wages	124,109	95,823	205,710
Increase/(decrease) in employee entitlements/liabilities	(12,068)	(1,989)	10,973
Defined contribution plan employer contributions	2,186	2,663	5,700
<b>Total employee benefit expenses</b>	<b>114,227</b>	<b>96,497</b>	<b>222,383</b>
<b>Depreciation by asset class:</b>			
Total depreciation	108,894	109,176	216,203
Total amortisation	163	163	326
<b>Total depreciation and amortisation</b>	<b>109,057</b>	<b>109,339</b>	<b>216,529</b>
<b>Other expenses</b>			
Audit fees for financial statements audit	7,553	6,858	14,206
Airside maintenance	24,783	24,173	26,331
Landside maintenance	12,705	4,641	8,740
Terminal maintenance	639	1,470	3,203
Other maintenance	-	-	17,119
Airfield contractors	8,078	6,137	13,021
Electricity and gas	10,861	10,838	17,305
Materials and supplies	2,642	1,023	2,298
Professional services fees/legal fees	34,127	55,151	65,787
Accountancy & business services TDC	6,250	6,250	12,500
Vehicle running costs	1,906	6,130	8,539
Insurance	5,800	6,194	11,553
Cleaning	14,461	11,595	23,750
Bad debts written off	-	86	86
Software licenses	18,682	17,754	34,471
Equipment Hire	1,181	5,315	7,623
Other grants	-	-	350
Other expenses	25,353	18,043	40,491
<b>Total other expenses</b>	<b>175,021</b>	<b>181,658</b>	<b>307,373</b>

**7 Equity**

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
<b>(a) Equity Interest of Joint Venture Partners</b>			
<b>(i) Taupo District Council</b>			
Opening balance	<b>6,623,903</b>	6,373,902	6,373,902
Capital injections	<b>-</b>	<u>250,000</u>	<u>250,000</u>
<b>Closing balance</b>	<b><u>6,623,903</u></b>	<u>6,623,902</u>	<u>6,623,902</u>
<b>(ii) The Crown</b>			
Opening balance	<b>5,687,683</b>	2,937,683	2,937,683
Capital injections	<b>98,407</b>	<u>2,750,000</u>	<u>2,750,000</u>
<b>Closing balance</b>	<b><u>5,786,090</u></b>	<u>5,687,683</u>	<u>5,687,683</u>
<b>Total closing balance of equity accounts</b>	<b><u>12,409,993</u></b>	<u>12,311,585</u>	<u>12,311,585</u>
<b>(b) Appropriation Accounts</b>			
<b>(i) Taupo District Council</b>			
Opening balance	<b>2,204,291</b>	2,215,362	2,315,215
Share of net surplus (deficit)	<b>(73,009)</b>	<u>(90,518)</u>	<u>(110,924)</u>
<b>Closing balance</b>	<b><u>2,131,282</u></b>	<u>2,124,844</u>	<u>2,204,291</u>
<b>(ii) The Crown</b>			
Opening balance	<b>(444,970)</b>	(433,899)	(334,046)
Share of net surplus (deficit)	<b>(73,009)</b>	<u>(90,519)</u>	<u>(110,923)</u>
<b>Closing balance</b>	<b><u>(517,979)</u></b>	<u>(524,418)</u>	<u>(444,969)</u>
<b>Total closing balance of appropriation accounts</b>	<b><u>1,613,303</u></b>	<u>1,600,426</u>	<u>1,759,322</u>

## 7 Equity

The breakdown of asset revaluation reserves are disclosed as follows:

	Unaudited Actual 6 Months to 31 Dec 2022 \$	Unaudited Actual 6 Months to 31 Dec 2021 \$	Audited Actual 12 Months to 30 June 2022 \$
<b>Property, plant and equipment revaluation reserve</b>			
<b>Balance at 1 July</b>	<b>4,883,193</b>	3,761,324	3,761,324
Revaluation gains/(losses)	-	-	1,135,454
Deferred tax on revaluation	-	-	(13,585)
<b>Balance at 31 December</b>	<b>4,883,193</b>	<b>3,761,324</b>	<b>4,883,193</b>
 <b>Operational assets:</b>			
Land	2,389,775	1,165,800	2,389,775
Buildings	82,966	48,034	82,966
Fencing	54,811	54,811	54,811
Land improvements	-	137,035	-
<b>Infrastructure assets</b>			
Roading & streetlighting	143,710	143,710	143,710
Stormwater	67,010	67,010	67,010
Runways	2,144,921	2,144,921	2,144,921
<b>Total asset revaluation reserves</b>	<b>4,883,193</b>	<b>3,761,321</b>	<b>4,883,193</b>

## 8 Cash and cash equivalents

	Unaudited Actual 6 Months to 31 Dec 2022 \$	Unaudited Actual 6 Months to 31 Dec 2021 \$	Audited Actual 12 Months to 30 June 2022 \$
Cash at bank and in hand	-	82,015	1,543
Call deposits	242,263	5,694,323	3,324,151
<b>Total cash and cash equivalents used in statement of cashflows</b>	<b>242,263</b>	<b>5,776,338</b>	<b>3,325,694</b>

Included in call deposits is the project fund for the redevelopment project of \$56,279 (June 2021: \$5,659,596)

**9 Trade and other receivables**

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
Trade receivables	49,435	47,705	56,377
Receivables from related parties	196	196	196
Other	121,371	67,620	79,890
<b>Total current net trade and other receivables</b>	<b>171,002</b>	<b>115,521</b>	<b>136,463</b>

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.

The Aging of receivables as at balance day is detailed below:

Current	154,620	103,580	119,473
Past due 1-30 days	7,501	7,602	8,599
Past due 31-60 days	2,154	1,216	1,735
Past due 61+ days	6,727	3,123	6,656
<b>Total</b>	<b>171,002</b>	<b>115,521</b>	<b>136,463</b>

**10 Trade and other payables**

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
Trade payables	23,665	16,608	235,172
Accrued expenses	510,685	549,436	455,087
Revenue in advance	62,774	53,207	50,803
<b>Total creditors and other payables</b>	<b>597,124</b>	<b>619,251</b>	<b>741,062</b>

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**

	<b>Unaudited Actual 6 Months to 31 Dec 2022 \$</b>	<b>Unaudited Actual 6 Months to 31 Dec 2021 \$</b>	<b>Audited Actual 12 Months to 30 June 2022 \$</b>
<b>Current portion</b>			
Accrued pay	3,332	3,333	3,540
Annual leave	24,439	27,679	36,602
Long service leave	3,692	-	3,600
Lieu leave	1,157	714	946
<b>Total current portion</b>	<b>32,620</b>	<b>31,726</b>	<b>44,688</b>

There is assumed to be no Non Current retirement or long service leave obligations.

**12 Contingencies**

As at 31 December 2022 the Airport had no contingent liabilities or assets (December 2021: \$Nil).

**13 Events after balance date**

There were no subsequent events after 31 December 2022.

27 February 2023

Silks Audit Chartered Accountants Limited  
Agent for the Office of the Controller and Auditor-General  
P O Box 7144  
Whanganui

#### REPRESENTATION LETTER FOR THE YEAR ENDED 30 JUNE 2022

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and statement of performance of the Taupo Airport Authority for the year ended 30 June 2022 for the purpose of expressing an independent opinion about whether:

The financial statements:

- present fairly, in all material respects:
  - o the financial position as at 30 June 2022; and
  - o the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2022, including:
  - o the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
  - o the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
- complies with generally accepted accounting practice in New Zealand.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

#### General representations

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Taupo Airport Authority to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.

#### Representations on the financial statements and the statement of performance

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by the Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime and, in particular, that:
  - the financial statements:
    - present fairly, in all material respects:
      - the financial position as at 30 June 2022; and
      - the financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime.
  - the statement of performance:
    - presents fairly, in all material respects, the performance for the year ended 30 June 2022, including:
      - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
      - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
    - complies with generally accepted accounting practice in New Zealand.



- we believe the methods, significant assumptions, and data used in making and supporting the accounting estimates and the related disclosures in the financial statements and performance information are appropriate to achieve recognition, measurement, or disclosure that is in accordance with the applicable financial reporting framework;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with the Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime.

#### **Representations about the provision of information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- we have disclosed to you the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements and the statement of performance.
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance;
- we have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware

#### **Going concern basis of accounting**

We confirm that, to the best of our knowledge and belief, the Taupo Airport Authority has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Board continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2022. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Taupo Airport Authority during the period of one year from 27 February 2023, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the Taupo Airport Authority.

The representations in this letter are made at your request and to supplement information obtained by you from the records of the Taupo Airport Authority and to confirm information given to you orally.

#### **Publication of the financial statements and related audit report on a website**

- The Board accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.
- The electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.
- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

- We have assessed the security controls over audited financial information and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.

Yours faithfully

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Chairperson

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Committee Member