

**Whangarei District Airport  
Financial statements  
for the year ended  
30 June 2020**

# Whangarei District Airport Financial statements - 30 June 2020

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## Entity Information

### Legal name

Whangarei District Airport (the Airport).

### Type of entity and legal basis

The Airport is a Council controlled organisation as defined under section 6 of the Local Government Act 2002. The Airport is administered by the Whangarei District Council in a joint venture operation with the Ministry of Transport and is domiciled in New Zealand.

The Airport acts as a gateway to the Whangarei District and Northland, and is provided for the use of visitors, residents and ratepayers of the Whangarei District.

### The Airport's purpose

The Airport's primary objective is to operate a fully serviceable airport for the use of visitors, residents and ratepayers of the Whangarei District.

### Structure of the Airport's operations, including governance arrangements

The Whangarei District Council has overall responsibility for the management and governance of the Airport. Council is delegated the responsibility of Governance, while the operational management of the Airport is controlled by way of a contract with Northland Aviation Limited.

### Main sources of the Airport's cash and resources.

Revenue from operations are the primary sources of funding to the Airport.

### Authorisation

The Board of Whangarei District Airport authorised these financial statements presented on the following pages 3 to 13.

For and on behalf of the Board:



S Mai  
Mayor

30 November 2020



S Deeming  
Chair - Strategy, Planning & Development  
Committee  
30 November 2020

**Whangarei District Airport  
Statement of financial performance  
For the year ended  
30 June 2020**

**Statement of financial performance**  
For the year ended 30 June 2020

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Revenue from operations	3	622,975	749,874	620,923
Interest revenue		<u>4,049</u>	<u>5,000</u>	<u>9,467</u>
<b>Total revenue</b>		<u><b>627,024</b></u>	<u><b>754,874</b></u>	<u><b>630,390</b></u>
<b>Expenditure</b>				
Repairs and maintenance		73,465	101,000	80,350
Management fee		284,020	274,314	269,620
Depreciation and amortisation	8	206,396	232,371	203,520
Other expenses	4	<u>257,588</u>	<u>226,073</u>	<u>221,629</u>
<b>Total operating expenditure</b>		<u><b>821,469</b></u>	<u><b>833,758</b></u>	<u><b>775,119</b></u>
<b>Surplus/(deficit) before tax</b>		<b>(194,445)</b>	<b>(78,884)</b>	<b>(144,729)</b>
Income tax expense	5	-	-	-
<b>Surplus/(deficit) after tax</b>		<u><b>(194,445)</b></u>	<u><b>(78,884)</b></u>	<u><b>(144,729)</b></u>

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

**Whangarei District Airport  
Statement of financial position  
As at 30 June 2020**

**Statement of financial position  
As at 30 June 2020**

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>ASSETS</b>				
<b>Current assets</b>				
Bank accounts and cash	6	396,989	367,762	368,408
Debtors	7	75,021	62,671	75,330
Provision for income tax		-	-	-
<b>Total current assets</b>		<u>472,010</u>	<u>430,433</u>	<u>443,738</u>
Property, plant and equipment	8	4,304,087	4,358,637	4,443,121
<b>Total non-current assets</b>		<u>4,304,087</u>	<u>4,358,637</u>	<u>4,443,121</u>
<b>Total assets</b>		<u>4,776,097</u>	<u>4,789,070</u>	<u>4,886,859</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Creditors and other payables	9	180,844	74,520	97,163
<b>Total current liabilities</b>		<u>180,844</u>	<u>74,520</u>	<u>97,163</u>
<b>Non-current liabilities</b>				
<b>Total non-current liabilities</b>		-	-	-
<b>Total liabilities</b>		<u>180,844</u>	<u>74,520</u>	<u>97,163</u>
<b>ASSETS LESS LIABILITIES</b>		<u>4,595,253</u>	<u>4,714,550</u>	<u>4,789,696</u>
<b>ACCUMULATED FUNDS</b>				
Retained earnings	10	1,312,061	1,431,358	1,506,504
Contributed Capital	10	3,283,192	3,283,192	3,283,192
<b>Total equity</b>		<u>4,595,253</u>	<u>4,714,550</u>	<u>4,789,696</u>

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

**Whangarei District Airport  
Cash flow statement  
For the year ended  
30 June 2020**

**Cash flow statement**  
For the year ended 30 June 2020

	<b>2020 Actual \$</b>	2019 Actual \$
<b>Cash flows from operating activities</b>		
Revenue from operations	<b>621,918</b>	618,240
Interest received	<b>4,400</b>	12,424
	<b><u>626,318</u></b>	<u>630,664</u>
<b>Cash was applied to / from</b>		
Payments to suppliers	<b>(524,939)</b>	(597,648)
Income tax paid	-	-
Goods and services tax (net)	<b>(5,431)</b>	2,030
Total cash provided to operating activities	<b><u>530,370</u></b>	<u>595,618</u>
<b>Net cash flow from operating activities</b>	<b><u>95,948</u></b>	<u>35,046</u>
Purchase and development of property, plant and equipment	<b><u>(67,367)</u></b>	<u>(276,172)</u>
<b>Net cash flow from investing activities</b>	<b><u>(67,367)</u></b>	<u>(276,172)</u>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	<b>28,581</b>	(241,126)
<b>Bank accounts and cash, and bank overdrafts at the beginning of the year:</b>	<b><u>368,408</u></b>	<u>609,534</u>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b><u>396,989</u></b>	<u>368,408</u>

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

## **1 Statement of accounting policies for the year ended 30 June 2020**

### **1.1 Reporting entity**

The Whangarei District Airport is a Council controlled organisation as defined under section 6 of the Local Government Act 2002. The Airport is administered by the Whangarei District Council in a joint venture operation with the Ministry of Transport and is domiciled in New Zealand.

## **2 Significant accounting policies**

### **2.1 Basis of preparation**

**All transactions in the financial statements are reported using the accrual basis of accounting.**

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Airport will continue to operate in the foreseeable future.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting Accrual (Public Sector) on the basis that the Airport does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

#### **Goods and services tax**

The Airport is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

#### **Functional and presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar (\$) . The functional currency of the Entity is New Zealand dollars.

The financial statements are presented in New Zealand dollars.

### **2.2 Revenue and expenses**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

#### **(i) Grants**

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

#### **(ii) Interest income**

Interest revenue is recorded as it is earned during the year.

#### **(iii) Sale of services**

Revenue from the sale of services is recognised when the services are provided to the customer.

#### **(iv) Administration, overheads and other costs.**

These are expensed when the related service has been received.

### **2.3 Income tax**

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

### **2.4 Bank accounts and cash**

Bank accounts and cash include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown as current liabilities in the statement of financial position.

## **2 Significant accounting policies (continued)**

### **2.5 Debtors**

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a doubtful debt expense.

### **2.6 Property, plant and equipment**

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

#### **(i) Asset sales**

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

#### **(ii) Use of assets**

For an asset to be used by the Airport, the asset is impaired if the value to the Airport in using the asset falls below the carrying amount of the asset.

#### **Depreciation**

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives of major classes of assets have been estimated as follows:

<b>Class of PP&amp;E</b>	<b>Estimated useful life</b>
Land	Indefinite
Airside	0-140 years
Buildings	4-40 years
Landside	0-140 years
Sundries	5-67 years
Services	0-40 years

### **2.7 Investments**

**Investments comprise investments in terms deposits with banks.**

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

### **2.8 Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

### **2.9 Lease expense**

Lease payments are recognised as an expense on a straight-line basis over the lease term.

### **2.10 Tier 2 PBE Accounting Standards applied**

The Airport has not applied any Tier 2 Accounting Standards in preparing its financial statements.

### **2.11 Changes in Accounting Policies**

There are no changes in accounting policies.



**Whangarei District Airport**  
**Notes to the financial statements**  
**30 June 2020**  
(continued)

**3 Revenue from operations**

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Landing fees	289,699	393,874	360,976
Rent received	190,289	170,000	172,951
Operating expenses recoveries	33,930	22,000	35,240
Other recoveries	7,436	6,000	10,305
Other revenue	4,279	8,000	7,355
Parking Revenue	97,342	150,000	34,096
<b>Total revenue from operations</b>	<b>622,975</b>	<b>749,874</b>	<b>620,923</b>

**4 Other expenses**

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cleaning	17,923	32,000	25,325
Electricity	32,707	40,000	34,557
Auditors fees for 2020 financial statements	22,536	25,000	20,582
Other expenses	184,148	129,073	140,033
Loss on disposals of PPE	5	-	729
Bad debts written off	302	-	40
Movement in doubtful debt provision	(33)	-	363
<b>Total other expenses</b>	<b>257,588</b>	<b>226,073</b>	<b>221,629</b>

**5 Income tax**

	2020 Actual \$	2019 Actual \$
<b>Relationship between tax expense and accounting profit</b>		
Accounting surplus/(deficit) before tax	(194,445)	(144,729)
Plus / (Less): adjustment for non-tax deductible items	(1,795)	20,934
<b>Taxable surplus (deficit)</b>	<b>(196,240)</b>	<b>(123,795)</b>
Tax at 28%	(54,947)	(34,663)
Plus/(less) tax effect of:		
Tax losses utilised	54,947	34,663
Tax losses carried forward	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>

**Whangarei District Airport**  
**Notes to the financial statements**  
**30 June 2020**  
 (continued)

**6 Bank accounts and cash**

	<b>2020</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Bank deposits	<b>224,504</b>	190,104
Bank balances	<b>172,485</b>	178,304
<b>Total bank accounts and cash</b>	<b><u>396,989</u></b>	<u>368,408</u>

**Cash at bank and on hand**

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

**7 Debtors and other receivables**

	<b>2020</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Debtors and other receivables	<b>75,579</b>	75,921
Provision for doubtful receivables	<b>(558)</b>	(591)
<b>Net debtors</b>	<b><u>75,021</u></b>	<u>75,330</u>

## 8 Property, plant and equipment

	Work in progress \$	Land \$	Landside \$	Buildings \$	Airside \$	Services \$	Sundries \$	Total \$
<b>Year ended Actual 2019</b>								
Opening carrying amount	10,459	810,000	369,220	780,571	2,255,992	38,863	106,090	4,371,195
Additions	-	-	158,575	26,086	73,596	-	28,375	286,632
Disposals	(10,459)	-	-	-	-	-	-	(10,459)
Loss on disposal	-	-	-	(729)	-	-	-	(729)
Depreciation charge	-	-	(12,747)	(50,374)	(119,278)	(2,491)	(18,630)	(203,520)
<b>Balance at 30 June 2019</b>	-	<b>810,000</b>	<b>515,047</b>	<b>755,513</b>	<b>2,210,352</b>	<b>36,373</b>	<b>115,836</b>	<b>4,443,121</b>
<b>2020</b>								
<b>Year ended 30 June 2020</b>								
Opening balance	-	810,000	515,047	755,513	2,210,352	36,373	115,836	4,443,121
Additions	-	-	-	-	67,367	-	-	67,367
Loss on disposal	-	-	-	-	(5)	-	-	(5)
Depreciation charge	-	-	(28,924)	(48,394)	(107,267)	(2,491)	(19,320)	(206,396)
<b>As at 30 June 2020</b>	-	<b>810,000</b>	<b>486,123</b>	<b>707,058</b>	<b>2,170,508</b>	<b>33,883</b>	<b>96,515</b>	<b>4,304,087</b>

The major additions were: Re-roofing of terminal and concrete pathways by light aircraft hangars  
There are no restrictions over the title of the Airport's property, plant and equipment, nor is any property, plant and equipment pledged as security for liabilities.

## 9 Creditors and accrued expenses

	2020 Actual \$	2019 Actual \$
Accrued expenses	109,520	50,679
Trade creditors and other payables	37,829	8,543
Rents in advance	<u>33,495</u>	<u>37,941</u>
<b>Total creditors and accrued expenses</b>	<b><u>180,844</u></b>	<b><u>97,163</u></b>

Creditors and accrued expenses are non-interest bearing and normally settled 30 day terms. Therefore the carrying value of creditors, accrued expenses and rents in advance approximate their fair value.

## 10 Equity

	2020 Actual \$	2019 Actual \$
Retained earnings	1,312,061	1,506,504
Contributed Capital	<u>3,283,192</u>	<u>3,283,192</u>
<b>Balance at 30 June 2020</b>	<b><u>4,595,253</u></b>	<b><u>4,789,696</u></b>

	2020 Actual \$	2019 Actual \$
<b>Retained Earnings</b>		
Balance at 1 July 2019	1,506,506	1,651,233
Surplus/(deficit) for the year	<u>(194,445)</u>	<u>(144,729)</u>
<b>Balance at 30 June 2020</b>	<b><u>1,312,061</u></b>	<b><u>1,506,504</u></b>

	2020 Actual \$	2019 Actual \$
<b>Contributed Capital</b>		
Loans Repaid	256,512	256,512
Local Community	12,500	12,500
Ministry of Transport	1,987,834	1,987,834
Whangarei District Council	<u>1,026,346</u>	<u>1,026,346</u>
<b>Balance at 30 June 2020</b>	<b><u>3,283,192</u></b>	<b><u>3,283,192</u></b>

## 11 Contingencies

The Airport has no contingent liabilities (2019: nil) and no contingent assets (2019: nil).

## 12 Commitments

The Airport has no capital commitments (2019: \$Nil).

### **13 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.

All related party transactions have been entered into at arm's length.

### **14 Events occurring after the balance date**

There were no events after the balance sheet date (2019: nil).

### **15 Explanation of major variances against budget**

Section 64 of the Local Government Act requires a Council Controlled Organisation to prepare a Statement of Intent that complies with Clause 9 of Schedule 8.

Revenue under budget due to effects of Covid lockdown/zero flights during level 3 & 4

Electricity: Favourable variance against budget as turned off over the lock down period

Other Professional Fees: Unfavourable variance against budget, with additional SMS costs and costs involved with Biennial noise compliance contours

### **16 Impact of Covid-19 on the Whangarei District Airport**

The main impacts of Covid-19 on the Whangarei District Airport financial statements are explained below. The ongoing effects of the Covid-19 pandemic remain uncertain, and there could be future matters that affect the entity.

Revenue (Note 15)

Revenue fell during the last quarter due to a 90% drop in aviation activity (landing fees) and rent relief impacted tenancies, as a response to the Covid-19 pandemic.

Covid-19 has not had a significant impact on assets held at fair value with the majority of airport assets valued using depreciated replacement cost.

## 17 Performance Information

The Whangarei District Airport has a total of five key performance measures which includes seven targets for 2020. In the 2019/20 financial year three targets have been exceeded, with two progressing, one target not met and one target not measured.

During the first half of this year all targets were on target to meet expectations. The Covid-19 pandemic has dramatically impacted three performance measures. A description of the Covid-19 impact is provided for each performance measure where relevant.

	Performance Measure	2019/2020 Target	Result 2020	Result 2019	Comment			
						Actual 2020	Budget 2020	Actual 2019
1	To operate to financial budget							
			Target not met	Target not met	Revenue	\$627,024	\$754,874	\$630,390
			Target met	Target met	Expenditure	\$821,469	\$833,758	\$775,119
Refer to note 15 for explanations of significant variances against budget.								
2	Maintain Airport Certification	To meet certification standards as required by CAA	Target met	Target met	CAA certification was completed in 2018 and is valid until 2023. Goodman consultancy as an independent third party audited the certification in June of 2020 against CAA rules.			
		Implement Safety Management System (SMS)	Target met	In progress	Main focus this year has been implementation of SMS which was completed successfully in December 2019.			
3	To conduct a survey of airport users and determine their views on Airport facilities and future facility developments	>75% user satisfaction	Not measured	Target met	We were unable to conduct the usual annual client survey performed by Northland Aviation, due to the Covid-19 lockdown. Once restrictions were lifted and the airport moved to level 2 a customer survey was completed, however aviation traffic was still very limited and participation was very low with only 22 participants completing the survey. Of those travellers who completed the survey 87.5% rated their overall experience at the Whangarei Airport as satisfied or very satisfied. Likewise 88% rated the overall impression of the airport building and facilities as good to excellent. Specific questions around the impact of Covid-19 and travelling habits were included in the survey. An approximate 50% split of participants indicated their travelling habits would change mainly due to border restrictions internationally or health concerns over social distancing.			
4	To implement necessary changes to the Health and Safety policy/procedures to address any changes to legislation	Achieve overall decline in incidents	In progress	In progress	SMS System in place with new reporting systems. Incident reporting across the airport has significantly improved. New baseline data is being established for future measurements.			

**17 Performance Information (continued)**

5	To explore economic development opportunities	Encourage new business development and existing business expansion	In progress	In progress	The airport has attracted new tenants, (2 new hangars being built). Continue to explore flying school opportunities and expanding existing airport activities. COVID has impacted on some growth potential due to the flow on effect of restrictions to the aviation industry. For example some rental car operators are down sizing or closing altogether.
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## Independent Auditor's Report

### To the readers of Whangarei District Airport's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Whangarei District Airport (the Airport). The Auditor-General has appointed me, Carl Wessels, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Airport on his behalf.

#### Opinion

We have audited:

- the financial statements of the Airport on pages 3 to 12, that comprise the statement of financial position as at 30 June 2020, the statement of financial performance and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Airport on pages 13 to 14.

#### Unmodified opinion on the financial statements

In our opinion:

- the financial statements of the Airport on pages 3 to 12:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

#### Modified opinion on the performance information because the Airport was not able to report user satisfaction levels with airport facilities and future developments

In our opinion, except for the matter described in the *Basis for our modified opinion* section of our report, the performance information of the Airport on pages 13 to 14 presents fairly, in all material respects, the Airport's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Airport's objectives, for the year ended 30 June 2020.

Our audit was completed on 30 November 2020. This is the date at which our opinion is expressed.



The basis for our modified opinion is explained below, and we draw your attention to the impact of Covid-19 on the Airport. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### **Basis for our modified opinion**

The level of user satisfaction with the Airport's facilities and future developments is an important part of the performance information because it is indicative of the quality of the service provided. As explained on page 13 of the annual report, the annual survey to determine airport user satisfaction levels could not be completed due to the Covid-19 pandemic lockdown. As a result, the Airport has been unable to report against the user satisfaction target this year.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified opinion.

### **Emphasis of matter – impact of Covid-19**

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Airport as set out in note 16 to the financial statements and page 13 of the performance information.

### **Responsibilities of the Council for the financial statements and the performance information**

The Council of Whangarei District Council (the Council) is responsible on behalf of the Airport for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Council is also responsible for preparing the performance information for the Airport.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Council is responsible on behalf of the Airport for assessing the Airport's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the Airport or to cease operations, or there is no realistic alternative but to do so.

The Council's responsibilities arise from the Local Government Act 2002 and the Airport Deed.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Airport's Statement of Intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate the appropriateness of the reported performance information within the Airport's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Airport's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the Airport to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Council is responsible for the other information. The other information comprises the information included on page 2, and does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Airport in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Airport.



Carl Wessels  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand