

**Whangarei District Airport
Financial statements
For the six months ended
31 December 2019**

Whangarei District Airport

Financial statements - 31 December 2019

Contents

	Page
Entity Information	2
Financial statements	
Statement of financial performance	3
Statement of financial position	4
Cash flow statement	5
Notes to the financial statements	
1 Statement of accounting policies for the six months ended 31 December 2019	6
2 Significant accounting policies	6
3 Revenue from operations	8
4 Other expenses	8
5 Income tax - not calculated for half yearly accounts	8
6 Bank accounts and cash	9
7 Debtors and other receivables	9
8 Property, plant and equipment	10
9 Creditors and accrued expenses	11
10 Equity	11
11 Contingencies	11
12 Commitments	12
13 Related party transactions	12

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 12

For and on behalf of the Board:

S Mai
Mayor

S Deeming
Chair - Planning and Development Committee

Whangarei District Airport
Statement of financial performance
For the six months ended
31 December 2019

Statement of financial performance
For the six months ended 31 December 2019

	31 December 2019	30 June 2020	30 June 2019
Note	Actual \$	Budget \$	Actual \$
Revenue			
Revenue from operations	360,753	749,874	620,923
Interest revenue	<u>1,594</u>	<u>5,000</u>	<u>9,467</u>
Total revenue	<u>362,347</u>	<u>754,874</u>	<u>630,390</u>
Expenditure			
Repairs and maintenance	38,300	101,000	80,350
Management fee	145,653	274,314	269,620
Depreciation and amortisation	103,537	232,371	203,520
Other expenses	<u>107,570</u>	<u>226,073</u>	<u>221,629</u>
Total operating expenditure	<u>395,060</u>	<u>833,758</u>	<u>775,119</u>
Surplus/(deficit) before tax	(32,713)	(78,884)	(144,729)
Income tax expense	-	-	-
Surplus/(deficit) after tax	<u>(32,713)</u>	<u>(78,884)</u>	<u>(144,729)</u>

Whangarei District Airport
Statement of financial position
As at 31 December 2019

Statement of financial position
As at 31 December 2019

	Note	31 December 2019 Actual \$	30 June 2020 Budget \$	30 June 2019 Actual \$
ASSETS				
Current assets				
Bank accounts and cash	6	354,308	367,762	368,408
Debtors	7	120,080	62,671	75,330
Provision for income tax		-	-	-
Total current assets		<u>474,388</u>	<u>430,433</u>	<u>443,738</u>
Property, plant and equipment	8	<u>4,363,119</u>	<u>4,358,637</u>	4,443,121
Total non-current assets		<u>4,363,119</u>	<u>4,358,637</u>	<u>4,443,121</u>
Total assets		<u>4,837,507</u>	<u>4,789,070</u>	<u>4,886,859</u>
LIABILITIES				
Creditors and other payables	9	<u>80,522</u>	<u>74,520</u>	97,163
Total current liabilities		<u>80,522</u>	<u>74,520</u>	<u>97,163</u>
Non-current liabilities				
Deferred income tax		-	-	-
Total non-current liabilities		-	-	-
Total liabilities		<u>80,522</u>	<u>74,520</u>	<u>97,163</u>
ASSETS LESS LIABILITIES		<u>4,756,985</u>	<u>4,714,550</u>	<u>4,789,696</u>
ACCUMULATED FUNDS				
Retained earnings	10	1,473,793	1,431,358	1,506,504
Contributed Capital	10	<u>3,283,192</u>	<u>3,283,192</u>	<u>3,283,192</u>
Total equity		<u>4,756,985</u>	<u>4,714,550</u>	<u>4,789,696</u>

**Whangarei District Airport
Cash flow statement
For the six months ended
31 December 2019**

Cash flow statement

For the six months ended 31 December 2019

	31 December 2019 Actual \$	30 June 2019 Actual \$
Cash flows from operating activities		
Revenue from operations	327,415	618,240
Interest received	<u>2,258</u>	<u>12,424</u>
	<u>329,673</u>	<u>630,664</u>
Cash was applied to / from		
Payments to suppliers	(301,538)	(597,648)
Income tax paid	-	-
Goods and services tax (net)	<u>18,700</u>	<u>2,030</u>
Total cash provided to operating activities	<u>320,238</u>	<u>(595,618)</u>
Net cash flow from operating activities	<u>9,435</u>	<u>35,046</u>
Purchase and development of property, plant and equipment	<u>23,535</u>	<u>276,172</u>
Net cash flow from investing activities	<u>(23,535)</u>	<u>(276,172)</u>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	(14,100)	(241,126)
Bank accounts and cash, and bank overdrafts at the beginning of the year:	<u>368,408</u>	<u>609,534</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	<u>354,308</u>	<u>368,408</u>

1 Statement of accounting policies for the six months ended 31 December 2019

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.

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.

2.5 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 Significant accounting policies (continued)

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:

Class of PP&E	Estimated useful life
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.

3 Revenue from operations

	December 2019	Budget 2020	Actual 2019
	\$	\$	\$
Landing fees	182,107	393,874	360,976
Rent received	90,822	170,000	172,951
Operating expenses recoveries	18,921	22,000	35,240
Other recoveries	-	6,000	10,305
Other revenue	1,417	8,000	7,355
Parking Revenue	<u>67,486</u>	<u>150,000</u>	<u>34,096</u>
Total revenue from operations	<u>360,753</u>	<u>749,874</u>	<u>620,923</u>

4 Other expenses

	December 2019	Budget 2020	Actual 2019
	\$	\$	\$
Cleaning	10,487	32,000	25,325
Electricity	17,934	40,000	34,557
Auditors fees for financial statements	10,117	25,000	20,582
Other expenses	69,032	129,073	140,033
Loss on disposals of PPE	-	-	729
Bad debts written off	-	-	40
Movement in doubtful debt provision	-	-	<u>363</u>
Total other expenses	<u>107,570</u>	<u>226,073</u>	<u>221,629</u>

5 Income tax - not calculated for half yearly accounts

	December 2019 Actual \$	June 2019 Actual \$
Relationship between tax expense and accounting profit		
Accounting surplus/(deficit) before tax	(32,713)	(144,729)
Plus / (Less): adjustment for non-tax deductible items	<u>-</u>	<u>20,934</u>
Taxable surplus (deficit)	<u>(32,713)</u>	<u>(123,795)</u>
Tax at 28%	(9,160)	(34,663)
Plus/(less) tax effect of:		
Tax losses utilised	9,160	34,663
Tax losses carried forward	<u>-</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

6 Bank accounts and cash

	December 2019 Actual \$	June 2019 Actual \$
Bank deposits	242,361	190,104
Bank balances	<u>111,947</u>	<u>178,304</u>
Total bank accounts and cash	<u>354,308</u>	<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

	December 2019 Actual \$	June 2019 Actual \$
Debtors and other receivables	120,671	75,921
Provision for doubtful receivables	<u>(591)</u>	<u>(591)</u>
Net debtors	<u>120,080</u>	<u>75,330</u>

8 Property, plant and equipment

	Work in progress \$	Land \$	Landside \$	Buildings \$	Airside \$	Services \$	Sundries \$	Total \$
Year ended 30 June 2019								
Opening carrying amount	10,459	810,000	369,220	780,571	2,255,991	38,863	106,090	4,371,194
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)
Balance at 30 June 2019	-	810,000	515,047	755,513	2,210,352	36,373	115,836	4,443,121
2019								
6 months ended 31 December 2019								
Opening balance	-	810,000	515,047	755,513	2,210,352	36,373	115,836	4,443,121
Additions	23,535	-	-	-	-	-	-	23,535
Disposals	-	-	-	-	-	-	-	-
Impairment charge recognised in profit and loss	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(14,541)	(24,329)	(53,702)	(1,252)	(9,713)	(103,537)
As at 31 December 2019	23,535	810,000	500,506	731,153	2,156,681	35,121	106,123	4,363,119

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

	December 2019 Actual \$	June 2019 Actual \$
Accrued expenses	32,900	50,679
Trade creditors and other payables	10,743	8,543
Rents in advance	<u>36,879</u>	<u>37,941</u>
Total creditors and accrued expenses	<u>80,522</u>	<u>97,163</u>

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

	December 2019 Actual \$	June 2019 Actual \$
Retained earnings	1,473,793	1,506,504
Contributed Capital	<u>3,283,192</u>	<u>3,283,192</u>
Balance at 31 December 2019	<u>4,756,985</u>	<u>4,789,696</u>

	December 2019 Actual \$	June 2019 Actual \$
Retained Earnings		
Balance at 1 July	1,506,506	1,651,233
Surplus/(deficit) for the year	<u>(32,713)</u>	<u>(144,729)</u>
Balance at 31 December 2019	<u>1,473,793</u>	<u>1,506,504</u>

	December 2019 Actual \$	June 2019 Actual \$
Contributed Capital		
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>
Balance at 31 December 2019	<u>3,283,192</u>	<u>3,283,192</u>

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.