



ANNUAL REPORT 2022

DIRECTORY

Governing Body

Taupō Airport Authority (TAA) Committee

Mayor David Trewavas
Councillor Kathy Guy (Council Representative)
Councillor Christine Rankin (Council Representative)
Chris Johnston (Business Representative)
Andrew Hintz (Business Representative)

Airport General Manager

Wayne Wootton (acting)

Bankers

Bank of New Zealand, Taupō – transactional banking

Auditors

Silks Audit on behalf of The
Controller & Auditor General

Solicitors / Legal Advisors

Holland Beckett Law, Taupō

Insurance Brokers

Aon New Zealand Limited

Joint Venture Partners

Taupō District Council (TDC)	50%
The Crown (Ministry of Transport)	50%

Address

Anzac Memorial Drive, TAUPŌ
RD 2, TAUPŌ

Telephone

Airport Manager	[07] 378-7771
email	admin@Taupoairport.co.nz
website	www.Taupoairport.co.nz

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STATEMENT OF PERFORMANCE: PERFORMANCE TARGETS AND RESULTS ACHIEVED TO DATE

Non-financial performance:

Taupō Airport Authority		
Objective:		
To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.		
Performance targets	Results	Achievement
To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.	Achieved	No diversions or cancellations due to facility maintenance (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

	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020	Year to 30 June 2019	Year to 30 June 2018
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
	<u>17,516</u>	<u>16,982</u>	<u>17,558</u>	<u>22,634</u>	<u>20,392</u>

CHAIRMANS REPORT

Taupo Airport Authority operates a small regional airport in the centre of the North Island. We are one of five joint venture airports in a partnership with the Ministry of Transport (MoT).

Another challenging year would be an understatement as we reflect on the ongoing effects that COVID brings to the world as a whole.

The TAA and Taupo airport remained fully operational throughout the lock down, and passenger numbers were slowly rebuilding in 2021 until another full lockdown in August 2021. This was for 2 weeks however Auckland remained locked out of travel till early October, again affecting our income dramatically. Throughout this year there were no international tourists allowed into New Zealand.

The major project of replacing the existing terminal continued. The building built in 1979 had asbestos and earthquake issues and was not serving the requirements of its users. These constraints had been identified years earlier and the funding had been secured with \$3.367M in the TDC Long Term Plan 2018-2028 and the remaining \$5.87M from the PDU.

This construction, built in the most difficult period the sector has ever seen, is a testament to involving at all levels, local personal. From the architect to the tradesmen's and project manager all have worked together to sort problems, control costs, source products and remain on time and to budget. This truly is a legacy product for the Taupo district. Opening date to be December 2022.

The management team of Rhys Frearson, Operations Manager Kim Gard and Safety Manager Steve Pederson again worked tirelessly to control costs at the same time looking at further income opportunities. The masterplan work, whilst at this stage sits at a high level has helped shape decisions made. One example is the income that can be realised from the cropping of the land surrounding the airport. With some capital investment and a new contractor we now have the ability to reap higher yields, generating better income.

In summary, TAA revenues were \$(12)k or 3% below the SOI, mainly due to reduced landing charges. Employee expenses were slightly worse than budget, but all other operating expenses were 2% better than budget. Overall the operating deficit before taxation of \$(301)k was 10% or \$(26)k worse than budget, which given that the period was impacted by Covid lockdowns, was a reasonably good outcome. Within Other Comprehensive Income, TAA benefited from \$1.12m Revaluation gains to existing Land and Buildings (not including the new terminal and carpark under construction)

The aeronautical study was completed in October 2021 which looked at circuit rules and the airspace in the vicinity of the airport. The published report was lodged with the CAA in December 2021 and work on any recommendations made that the TAA has the ability to action, was started early 2022.

Safety is paramount and the practice of constant improvement to the aerodrome's systems continues.

This year our manager had some challenging health issues, he continued to work remotely and support the team. At the start of June, Wayne Wootton was welcomed to the Airport team, Wayne has worked for a number of years in the airport sector, including at Napier Airport, Rotorua Airport and most recently as Chief Executive at Papa Rererangi i Puketapu Ltd, a CCTO of New Plymouth District Council. Wayne was engaged for 2 months as acting airport General Manager on a part time basis.

This gave an opportunity for Rhys, to pick up and drive the work that had been done to date on the governance structure for the airport as his time allowed. The timing of this work also lined up well with the work that MoT were doing looking at the JV deeds for the CCO airports. As a team we will be able to take learnings from Wayne, who led similar work at New Plymouth airport as they transitioned to a CCTO.

The TAA board would like to acknowledge the huge efforts put in by the staff at the airport along with the ongoing support from The Taupo District Council, especially Danielle Klue and Andrew Peckham from finance who had the difficult task of forecasting our position in challenging trading times.

May the year ending June 2023 be of a more positive note.

Chris Johnston

Chairman

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE TAUPO AIRPORT AUTHORITY'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of the Taupo Airport Authority. The Auditor-General has appointed me, Cameron Town, using the staff and resources of Silks Audit Chartered Accountants, to carry out the audit of the financial statements and performance information of the Taupo Airport Authority on his behalf.

Opinion

We have audited the financial statements of the Taupo Airport Authority on pages 9 to 33, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and the statement of service performance of the Taupo Airport Authority on page 3.

In our opinion:

- the financial statements of the Taupo Airport Authority on pages 9 to 33:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 the Tier 2 Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the performance information on page 3:
 - presents fairly, in all material respects, the Taupo Airport Authority's performance for the year ended 30 June 2022, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand

Our audit was completed on 27 February 2023. This is the date at which our opinion is expressed.

We acknowledge that our audit was completed later than required by legislative reference. This was due to the auditor shortage in New Zealand.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board 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 opinion

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 opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Taupo Airport Authority for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The board is also responsible for preparing the performance information for the Taupo Airport Authority.

The Board 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 Board is responsible on behalf of the Taupo Airport Authority for assessing the Taupo Airport Authority's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to liquidate the Taupo Airport Authority or to cease operations, or has no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

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, our procedures were limited to checking that the information agreed to the Taupo Airport Authority's statement of intent expectations.

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 Taupo Airport Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Taupo Airport Authority's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Taupo Airport Authority'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 Taupo Airport Authority 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 Board 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 Board is responsible for the other information. The other information comprises the Statement of Service Performance included on page 3 and the Chairmans Report on page 4, but does not include the financial statements, 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, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements 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 Taupo Airport Authority 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 Taupo Airport Authority.



Cameron Town
Silks Audit Chartered Accountants Limited
On behalf of the Auditor-General
Whanganui, New Zealand

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

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

	Note	Actual 2022 \$	TAA SOI 2022 \$	Actual 2021 \$
Revenue				
Revenue from services provided	4	442,281	457,489	438,555
Subsidies and grants	5	-	-	1,834
Finance revenue	6	3,461	-	2,330
Total revenue		<u>445,742</u>	<u>457,489</u>	<u>442,719</u>
Expenditure				
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
Total operating expenditure		<u>746,285</u>	<u>731,844</u>	<u>1,086,801</u>
Deficit before tax		<u>(300,543)</u>	<u>(274,355)</u>	<u>(644,082)</u>
Income tax (expense)/credit	8	78,696	-	185,866
Deficit after tax		<u>(221,847)</u>	<u>(274,355)</u>	<u>(458,216)</u>
Other comprehensive income				
Property, plant & equipment revaluations	9	1,135,454	-	(150,453)
Deferred tax on revaluation		(13,585)	-	42,127
Total other comprehensive income		<u>1,121,869</u>	<u>-</u>	<u>(108,326)</u>
Total comprehensive income		<u>900,022</u>	<u>(274,355)</u>	<u>(566,542)</u>
Total comprehensive revenue and expenses attributable to: TDC and The Crown		<u>900,022</u>	<u>(274,355)</u>	<u>(566,542)</u>

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 \$
Equity at start of the year	9	15,054,078	-	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
Equity at end of the year	9	<u>18,954,100</u>	<u>-</u>	<u>15,054,078</u>
Total recognised revenue and expenses are attributable to:				
Taupo District Council		993,480	(137,178)	(283,271)
The Crown		(93,458)	(137,177)	(283,271)
Total comprehensive revenue and expenses		<u>900,022</u>	<u>(274,355)</u>	<u>(566,542)</u>

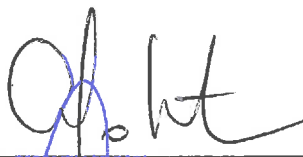
Summary of significant accounting policies and the accompanying notes form part of these financial statements.

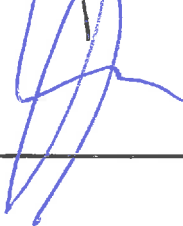


Statement of Financial Position
As at 30 June 2022

	Note	Actual 2022 \$	TAA SOI 2022 \$	Actual 2021 \$
ASSETS				
Current assets				
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
Total current assets		3,463,287	-	4,719,357
Non-current assets				
Intangible assets	13	894	-	1,220
Property, plant and equipment	12	17,032,990	-	11,339,854
Total non-current assets		17,033,884	-	11,341,074
Total assets		20,497,171	-	16,060,431
LIABILITIES				
Current liabilities				
Trade and other payables	14	741,062	-	146,476
Employee benefit liabilities	15	44,688	-	33,715
Provisions	17	3,729	-	3,729
Total current liabilities		789,479	-	183,920
Non-current liabilities				
Provisions	18	13,052	-	16,781
Deferred tax liabilities	8	740,540	-	805,652
Total non-current liabilities		753,592	-	822,433
Total liabilities		1,543,071	-	1,006,353
Net assets		18,954,100	-	15,054,078
EQUITY				
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
Total equity		18,954,100	-	15,054,078

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

 Christopher Hugh Johnston

 David James Revanas

Statement of Cashflows

For the year ended 30 June 2022

	Actual 2022 \$	TAA SOI 2022 \$	Actual 2021 \$
Note			
Cash flows from operating activities			
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)
Net cash flow from operating activities	<u>48,333</u>	-	<u>(31,054)</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	12,186	-	-
Purchase of property, plant and equipment	(4,356,569)	-	(691,735)
Net cash flow from investing activities	<u>(4,344,383)</u>	-	<u>(691,735)</u>
Cash flows from financing activities			
Equity injections	3,000,000	-	2,500,000
Net cash flows from financing activities	<u>3,000,000</u>	-	<u>2,500,000</u>
Net (decrease)/increase in cash and cash equivalents held	(1,296,050)	-	1,777,211
Add cash and cash equivalents at the beginning of the year	<u>4,621,744</u>	-	<u>2,844,533</u>
Cash and cash equivalents at the end of the year	<u>3,325,694</u>	-	<u>4,621,744</u>
	10		

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

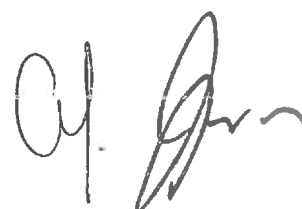
When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property at its fair value at the date of the transfer.

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

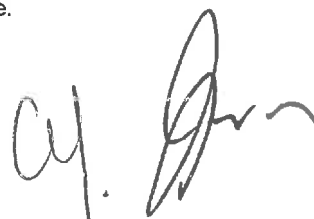
Income tax on the surplus or deficit for the year comprises current and deferred tax.

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

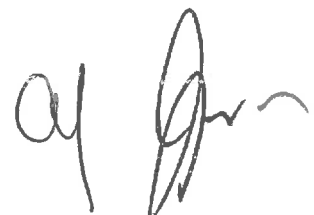
The budget figures are those approved by the TAA Committee in the Statement of Intent and in complying with sections 64, 66, and 67 of the Local Government Act 2002.

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	-
Total revenue from services provided	442,281	438,555

5 Subsidies and Grants

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

Government Grants

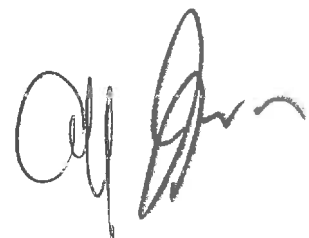
There are no unfulfilled conditions or other contingencies attached to any recognised government grants.

6 Finance revenue

	TAA	
	Actual 2022 \$	Actual 2021 \$
Interest revenue	3,461	2,330
Total finance revenue	3,461	2,330

7 Operating expenditure

	TAA	
	Actual 2022 \$	Actual 2021 \$
Employee benefit expenses		
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
Total employee benefit expenses	<u>222,383</u>	<u>197,648</u>
Total depreciation	<u>216,203</u>	229,185
Total amortisation	<u>326</u>	947
Total depreciation and amortisation	<u>216,529</u>	<u>230,132</u>
Other expenses		
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
Total other expenses	<u>307,373</u>	<u>299,462</u>



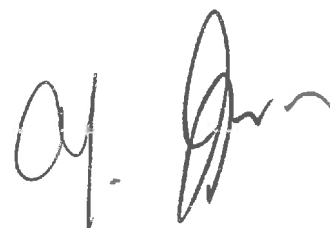
8 Income tax

	Actual 2022 \$	TAA	Actual 2021 \$
Components of tax expense/(credit)			
Current tax	-		-
Deferred tax	(78,696)		(185,866)
Tax expense/(credit)	<u>(78,696)</u>		<u>(185,866)</u>
Relationship between tax expense and accounting profit:			
Net deficit	(300,543)		(644,082)
Net deficit	<u>(300,543)</u>		<u>(644,082)</u>
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	-		-
Tax expense/(credit)	<u>(78,696)</u>		<u>(185,866)</u>

Deferred tax liability

	Property, plant and equipment \$	Non- deductible provisions \$	Tax losses \$	Total \$
Balance at 1 July 2020	(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
Balance at 30 June 2021	<u>(1,435,415)</u>	<u>7,180</u>	<u>622,583</u>	<u>(805,652)</u>

	Property, plant and equipment \$	Non- deductible provisions \$	Tax losses \$	Other \$	Total \$
Balance at 1 July 2021	(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)
Balance at 30 June 2022	<u>(1,418,594)</u>	<u>6,137</u>	<u>671,666</u>	<u>251</u>	<u>(740,540)</u>



9 Equity

	TAA	
	Actual 2022 \$	Actual 2021 \$
(a) Equity Interest of Joint Venture Partners		
(i) Taupo District Council		
Opening balance	6,373,902	3,873,902
Capital injections	<u>250,000</u>	<u>2,500,000</u>
Closing balance	<u>6,623,902</u>	<u>6,373,902</u>
(ii) The Crown		
Opening balance	2,937,683	2,937,683
Capital injections	<u>2,750,000</u>	<u>-</u>
Closing balance	<u>5,687,683</u>	<u>2,937,683</u>
Total closing balance of equity accounts	<u>12,311,585</u>	<u>9,311,585</u>
(b) Appropriation Accounts		
(i) Taupo District Council		
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	<u>(110,924)</u>	<u>(229,108)</u>
Closing balance	<u>2,204,291</u>	<u>2,315,215</u>
(ii) The Crown		
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	<u>(110,923)</u>	<u>(229,108)</u>
Closing balance	<u>(444,969)</u>	<u>(334,046)</u>
Total closing balance of appropriation accounts	<u>1,759,322</u>	<u>1,981,169</u>

9 Equity

(c) Asset Revaluation Reserve

The breakdown of asset revaluation reserves are disclosed as follows:

	Actual 2022 \$	TAA	Actual 2021 \$
Property, plant and equipment revaluation reserve			
Opening Balance	3,761,324		4,397,537
Revaluation gains/(losses)	1,135,454		(150,453)
Deferred tax on revaluation	(13,585)		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)
Closing Balance	<u>4,883,193</u>		<u>3,761,324</u>
Represented by:			
Operational assets:			
Land	2,389,772		1,302,835
Buildings	82,966		48,034
Fencing	54,811		54,811
Infrastructure assets:			
Roading & streetlighting	143,710		143,710
Stormwater	67,010		67,010
Runways	2,144,921		2,144,921
Total asset revaluation reserves	<u>4,883,190</u>		<u>3,761,321</u>

10 Cash and cash equivalents

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

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

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	<u>6,656</u>	<u>14,985</u>
Total trade receivables	<u>136,463</u>	<u>92,041</u>

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 \$
Operating assets At cost & valuation											
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	713,236	-	713,236	4,666,794	-	-	-	-	5,380,030	-	5,380,030
Total operating assets	1,158,340	(199,743)	958,597	4,670,074	-	(46,953)	-	48,517	5,822,003	(191,768)	5,630,235
Infrastructural assets At cost & valuation											
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	4,899,354	(150,945)	4,748,409	9,750	-	(150,945)	-	-	4,909,104	(301,890)	4,607,214
Total infrastructural assets	6,512,191	(166,934)	6,345,257	9,750	-	(169,252)	-	-	6,521,941	(336,186)	6,185,755
Restricted assets At cost & valuation											
Land	4,036,000	-	4,036,000	94,063	-	-	-	1,086,937	5,217,000	-	5,217,000
Total restricted assets	4,036,000	-	4,036,000	94,063	-	-	-	1,086,937	5,217,000	-	5,217,000
Total	11,706,531	(366,677)	11,339,854	4,773,887	-	(216,205)	-	1,135,454	17,560,944	(527,954)	17,032,990

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 \$
Operating assets At cost & valuation										
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
Total operating assets	825,346	(142,182)	683,164	692,554	(359,559)	(57,562)	-	1,158,340	(199,743)	958,597
Infrastructural assets At cost & valuation										
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
Total infrastructural assets	6,702,003	(34,670)	6,667,333	-	-	(171,623)	(150,453)	6,512,191	(166,934)	6,345,257
Restricted assets At cost & valuation										
Land	4,036,000	-	4,036,000	-	-	-	-	4,036,000	-	4,036,000
Total restricted assets	4,036,000	-	4,036,000	-	-	-	-	4,036,000	-	4,036,000
Total	11,563,349	(176,852)	11,386,497	692,554	(359,559)	(229,185)	(150,453)	11,706,531	(366,677)	11,339,854

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:

	Computer software
	\$
At 1 July 2020	
Cost	10,681
Accumulated amortisation and impairment	<u>(9,815)</u>
Net book amount	<u>866</u>
Year ended 30 June 2021	
Opening net book amount	866
Additions	1,301
Amortisation charge	<u>(947)</u>
Closing net book amount	<u>1,220</u>
As at 30 June 2021	
Cost	11,982
Accumulated amortisation and impairment	<u>(10,762)</u>
Net book amount	<u>1,220</u>
	\$
Year ended 30 June 2022	
Opening net book amount	1,220
Additions	-
Amortisation charge	<u>(326)</u>
Closing net book amount	<u>894</u>
As at 30 June 2022	
Cost	11,982
Accumulated amortisation and impairment	<u>(11,088)</u>
Net book amount	<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	<u>50,803</u>	<u>53,626</u>
Total creditors and other payables	<u>741,062</u>	<u>146,476</u>
Total creditors and other payables from exchange transactions	<u>740,166</u>	<u>141,771</u>
Total creditors and other payables from non-exchange transactions	<u>896</u>	<u>4,705</u>
Total current creditors and other payables from exchange and non-exchange transactions	<u>741,062</u>	<u>146,476</u>

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

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

16 Explanation of major variances against budget

	Actual 2022 \$	TAA 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 \$
Main variances in revenue against budget		
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>

Main variances in expense against budget

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

	TAA	
	Actual 2022	Actual 2021
	\$	\$
Other provisions	3,729	3,729
Total current portion	3,729	3,729

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

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

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

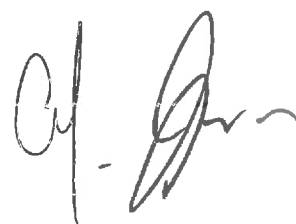
Council members

Full-time equivalent members (Committee Members)

Total full-time equivalent personnel

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.

	TAA	
	Actual 2022	Actual 2021
	5	5
	5	5



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
Total non-cancellable operating leases	905,731	1,032,234

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

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

23 Events after balance date

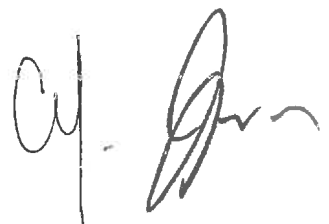
The General Manager Rhys Frearson resigned in July 2022, and has been replaced by Acting General Manager Wayne Wootton.

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.