

# Financial Statements

New Zealand International Commercial Pilot Academy Limited  
For the year ended 30 June 2021

Prepared by PKF Doyle and Associates The Accountants Ltd

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# Directory

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

### Nature of Business

Flight Training Institution - (Part 141 Flight Training and Part 135 Commercial Flight Operations)

### Registered Office

Whanganui District Council  
101 Guyton Street  
Whanganui 4500  
New Zealand

### Incorporation Number

5596985

### IRD Number

116-214-156

### Directors

Annette Main (resigned 14/10/2020)  
Charles Anderson  
David Rae  
Matthew Doyle  
Peter Hazledine  
Simon Karipa (resigned 14/10/2020)

### Chartered Accountant

PKF Doyle & Associates the Accountants Ltd  
32 Taupo Quay  
Whanganui

### Bankers

ANZ Bank  
Corner Cuba & Rangitikei Streets  
Palmerston North

### Solicitors

David Robertson  
Armstrong Barton  
8 Bell Street  
Whanganui 4541

### Shareholders

Whanganui District Council Holdings Limited: 1,415,747 shares

# Statutory Information

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

The Directors present their report and the financial statements for the year ended 30 June 2021.

### Activities

The Group's principal activities are those of providing Part 141 Flight Training and Part 135 Commercial Operations.

### Results

The Directors report a net loss of (\$167,566) (2020:(\$387,362)) for the Company for the year ended 30 June 2021. Equity at the end of the year was (\$85,932) (2020:(\$18,366)).

### Directors and their remuneration

During the financial year Directors fees were paid by Whanganui District Council Holdings Ltd. From 1 July 2021 Directors fees will be paid by the Company. The Directors have made the following declaration of interests:

#### Charlie Anderson

- Whanganui District Council - Councilor
- Sommerville Disability Services - Board Member
- New Zealand International Commercial Pilot Academy Ltd - Director
- Wanganui Education Trust - Board Member
- Whanganui District Health Board - Board Member
- Mid West Helicopters Ltd - Advisory Board Member

#### David Rae

- GasNet Limited - Director
- New Zealand International Commercial Pilot Academy Limited - Chair/ Director
- The New Zealand Refining Company Pension Fund - Trustee
- The New Zealand Refining Nominees Ltd - Director
- MyFiduciary Ltd - Shareholder / Director
- David Rae Associates Ltd - Shareholder / Director
- Public Infrastructure Partners Fund III - AC Member
- Te Puia Tapapa Limited Partnership - IC Member

#### Matthew Doyle

- Doyle & Associates – The Accountants Limited - Shareholder / Director
- Doyle Audit Chartered Accountants Limited - Shareholder / Director
- GasNet Ltd - Director
- New Zealand International Commercial Pilot Academy Ltd - Director
- 32 TQ Limited - Shareholder / Director
- McCarthy Transport Assets Limited - Director
- McCarthy Transport Contractors Limited - Director
- McCarthy Transport Holdings Limited - Director
- Doyle Trustee Services Ltd - Director
- Doyle Trustee Company 2020 Ltd - Director

#### Peter Hazledine

- GasNet Ltd - Director
- Hazledine Consulting Ltd - Owner / Director
- New Zealand International Commercial Pilot Academy Ltd - Director

- Altosa Forestry Company Limited - Owner / Director

**Phillip Bedford** (CEO NZICPA)

- New Zealand International Commercial Pilot Academy Ltd - CEO
- Whanganui & Partners Limited - Director

Phillip is not a director but is included as key management personnel.

**Directors' and Officers' Insurance**

Pursuant to Sections 162(3) and 162(4) of the Companies Act 1993 and Clause 66 of the Company's Constitution, New Zealand International Commercial Pilot Academy has effected liability insurance cover for Directors and Officers up to \$3.5 million including defence costs.

The Company has paid 100% of the premium for this cover.

**Shareholding by Directors**

No Director held Company shares, or acquired or disposed of shares during the year.

**Use of Company Information**

No Director has used or acted on information that would not otherwise be available to Directors.

**Auditor's remuneration**

Audit fees for the 2021 audit of \$39,199 (2020:\$29,413) excluding disbursements have been provided for New Zealand International Commercial Pilot Academy Limited.

# Statement of Responsibility

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

The Board is responsible for the preparation of the New Zealand International Commercial Pilot Academy Limited financial statements and statement of service performance, and for the judgements made in them.

The Board of New Zealand International Commercial Pilot Academy Limited has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of New Zealand International Commercial Pilot Academy Limited for the year ended 30 June 2021.

APPROVED

For and on behalf of the Board of Directors.



David Rae

Date: 24 November 2023



Matthew Doyle

Date: 24 November 2023

# Statement of Service Performance

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

### Description of Entity's Outcomes

The New Zealand International Commercial Pilot Academy (NZICPA) trains professional flight-deck crew for the global aviation industry. The business is a wholly owned subsidiary of Whanganui District Council Holdings Limited (WDCHL).

The business was established under a regional economic development mandate and accordingly seeks to enable spend from New Zealand and international students within the district.

NZICPA acts in alignment with corporate social responsibility best practice, and this is particularly focused on a community approach to youth development. This is facilitated through our pastoral care operations at the Hato Hohepa and Collegiate Estate sites.

### Description and Quantification of the Entity's Outputs

The Company provides professional flight training programmes for New Zealand and International students. New Zealand students typically complete training a Private Pilot Licence, or a level 5 or 6 New Zealand Diploma in Aviation qualification. Flight training and education is delivered under New Zealand rules and regulations for both education and aviation, including those established by; Tertiary Education Commission (TEC) and New Zealand Qualifications Authority (NZQA) and Civil Aviation Authority (CAA).

NZICPA delivers the following programmes and or qualifications:

- Private Pilot Licence (Aeroplane).
- Commercial Pilot Licence (Aeroplane).
- New Zealand Multi-engine Instrument Rating.
- Aerobatics Rating.
- New Zealand Diploma in Aviation (Aeroplane) General Aviation Strand (level 5)
- New Zealand Diploma in Aviation (Aeroplane) Flight Instruction Strand (level 6)
- New Zealand Diploma in Aviation (Aeroplane) Airline Preparation Strand (level 6)

Generally, in New Zealand the minimum pilot hours requirement for employment by a passenger airline exceeds the hours attained during flight training. Accordingly, many young pilots are employed as flight instructors following their training courses to gain experience. NZICPA employs a high number of graduates whom have completed the initial flight instructor qualification.

### Performance Results

The Company is regularly assessed through detailed independent audits of our aviation training provision, our education quality, and as a Council Controlled Organisation.

- NZICPA has maintained the highest education organisation ranking against the NZQA External Evaluation and Review (EER) assessment criteria, being Highly Confident in Educational Performance (1), and Highly Confident in Capability in Self Assessment.
- The Company has completed the CAA audits for the Part 141 approved training organisation (ATO). The detailed and comprehensive audit was completed with no findings.
- The Company certificate for Part 135 Air Operator expired 25th June 2021 and it was placed on hold during Covid and then mid/late 2022 tried to get it operational which was unsuccessful and 2023 decided to cease the certification.
- The Company is also a signatory to the Code of Practice for the Pastoral Care of International Students

## Description and Quantification of the Entity's Outputs

NZICPA delivered an improved performance during the FY 20/21. Increasing flying hours from 9,265 to 13,976 and revenue from \$3,278,879 to \$3,945,613

None the less, financial performance was severely affected by Covid-19 and an inability to bring new international students into the country.

NZICPA maintained superior results against CAA and NZQA measures of performance.

### Consolidated Shareholder Funds

The target ratio of consolidated shareholders' funds (including parent company advances) to total assets for the period covered by the Statement of Intent shall be less than 50%. This target ratio does not take into account unusual or one-off type transactions that impact this ratio.

The Ratio for the year was (2.1%) (2020:(0.38%)).

	2021	2021 SOI	2020
Consolidated Shareholder Funds	(\$85,392)	-	(\$18,366)
Total Assets	\$3,883,800	-	\$4,577,977
Ratio Shareholder Funds Divided by Total Assets	(2.2%)	< 50%	(0.40%)

### TEC Performance Metrics

NZICPA has to reach certain financial performance targets set by TEC these are:

	2021	2021 SOI	2020
Net tangible assets (i.e. shareholders' equity /funds less intangible assets; e.g. goodwill)	(2%) Fail	Net tangible assets should be larger than 2% of total revenue and larger than 60% of total tangible assets (less prepaid fees) revenue and larger than 60% of total tangible assets (less prepaid fees)	(2%) Fail
Liquid Assets (cash plus bank deposits plus readily liquefiable investments less bank overdrafts divided by annual cash outflow from operations)	12% Pass	8% to 12%	31.2% Pass
Working capital ratio (current assets divided by current liabilities)	97.5% Fail	100%+	95.3% Fail
Profitability (net surplus after tax to total income)	(3.3%) Fail	For commercial entities returns of 3% plus are desirable. For charitable trusts and other not for profit organisations the aim should be to maintain operating surpluses over the medium to longer term to ensure trust capital is not being eroded.	(12.7%) Fail
Net cash flow from operations (cash inflow from operations divided by cash outflow from operations)	95.2% Fail	111% plus	129.3% Pass
Debt divided by debt plus net tangible assets	(291.8%) Fail	Total borrowings less than 50% of net tangible assets; i.e. a debt ratio of less than 33%.	140.2% Fail



As a TEO NZICPA has obligations to give its students the best opportunity to succeed this is measured by monitoring pass rates and percentage of former students either in further study or employed:

	2021	Budget 2021	2020
CPL flight test pass rate %	83%	85%	92%
CPL theory test pass rate %	81%	75%	75%
Domestic Students in study or employed %	50%	70%	7%

The low outcome for domestic students in study or employment reflects the impact of Covid-19 on the airline industry and the demand for pilots.

NZICPA maintained currency with all external creditors throughout the year. The only creditor with an aged balance at year end was Whanganui District Council Holdings Limited the owner.

	2021	2021 SOI	2020
Student Numbers	102	160	85
Flying Hours	13,976	22,000	9,265
Margin per Flying Hou	\$115	\$40	\$64

# Statement of Comprehensive Revenue and Expense

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

	NOTES	2021 (\$)	2020 (\$)
<b>Trading Revenue</b>			
Flight Training Revenue	2	3,930,971	3,270,956
Charter Revenue	2	14,642	7,924
<b>Total Trading Revenue</b>		<b>3,945,613</b>	<b>3,278,879</b>
<b>Cost of Services</b>			
Cost of Sales	3	2,294,055	1,922,975
<b>Total Cost of Services</b>		<b>2,294,055</b>	<b>1,922,975</b>
<b>Gross Profit</b>		<b>1,651,559</b>	<b>1,355,905</b>
<b>Student Accomodation</b>			
Student Accommodation Revenue	2	776,063	538,133
Student Accommodation Expenses	3	(722,313)	(355,894)
<b>Total Student Accomodation</b>		<b>53,750</b>	<b>182,239</b>
<b>Other Revenue</b>			
Government Grants	2	168,240	221,462
Other Revenue	2	198,387	474,381
<b>Total Other Revenue</b>		<b>366,627</b>	<b>695,843</b>
<b>Total Revenue</b>		<b>2,071,936</b>	<b>2,233,987</b>
<b>Expenses</b>			
Administration and Operating Costs	3	710,561	623,488
Wages and salaries	3	1,466,822	1,417,738
<b>Total Expenses</b>		<b>2,177,383</b>	<b>2,041,226</b>
<b>Net Surplus/(Deficit) before Amortisation, Depreciation, Impairment and Tax</b>		<b>(105,447)</b>	<b>192,761</b>
<b>Amortisation, Depreciation and Impairment Expense</b>			
Depreciation on Fixed Assets	3	23,596	23,503
Engine Overhaul Depreciation	3	38,523	27,207
Impairment Goodwill	6	-	396,000
Impairment of License Fee	3	-	18,129
<b>Total Amortisation, Depreciation and Impairment Expense</b>		<b>62,119</b>	<b>464,838</b>
<b>Net Surplus/(Deficit) before Tax</b>		<b>(167,566)</b>	<b>(272,078)</b>
<b>Tax Expense</b>			
Tax Expense	8	-	115,248

The accompanying notes form part of these financial statements. These financial statements have been subject to audit or review, and should be read in conjunction with the attached Audit Report.

	NOTES	2021 (\$)	2020 (\$)
<b>Deficit after Tax Attribution to Shareholders</b>		(167,566)	(387,326)
<b>Total Comprehensive Revenue and Expenses Attributable to Shareholders</b>		(167,566)	(387,326)

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# Statement of Changes in Equity

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

	NOTES	2021 (\$)	2020 (\$)
<b>Equity</b>			
Opening Balance		(18,366)	368,960
<b>Comprehensive Revenue and Expense</b>			
Surplus/ (deficit) after tax for continuing operations	14	(167,566)	(387,326)
<b>Total Comprehensive Revenue and Expense</b>		<b>(167,566)</b>	<b>(387,326)</b>
<b>Transactions with Shareholders</b>			
Share Capital - Issued	14	100,000	-
<b>Total Transactions with Shareholders</b>		<b>100,000</b>	<b>-</b>
<b>Total Equity</b>		<b>(85,932)</b>	<b>(18,366)</b>

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# Statement of Financial Position

## New Zealand International Commercial Pilot Academy Limited As at 30 June 2021

	NOTES	2021 (\$)	2020 (\$)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	4	663,565	931,545
Trade and Other Receivables	4	3,133,351	3,502,441
Inventories/ WIP	4	7,565	7,565
Income Tax Receivable	4	3,051	4,741
Other Current Assets	4	-	9,670
<b>Total Current Assets</b>		<b>3,807,533</b>	<b>4,455,962</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	51,216	58,441
<b>Other Non-Current Assets</b>			
Engine Overhaul	4	25,051	63,574
<b>Total Other Non-Current Assets</b>		<b>25,051</b>	<b>63,574</b>
<b>Total Non-Current Assets</b>		<b>76,268</b>	<b>122,015</b>
<b>Total Assets</b>		<b>3,883,800</b>	<b>4,577,977</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	5	806,670	1,110,641
GST Payable	5	20,407	28,703
Employee Entitlements	5	210,242	228,096
Deposits Held Student Accommodation	5	13,110	19,810
Revenue in Advance	5	2,850,703	3,027,546
Unused donations and grants received	5	4,600	117,546
<b>Total Current Liabilities</b>		<b>3,905,732</b>	<b>4,532,343</b>
<b>Non-Current Liabilities</b>			
Loans	9	64,000	64,000
<b>Total Non-Current Liabilities</b>		<b>64,000</b>	<b>64,000</b>
<b>Total Liabilities</b>		<b>3,969,732</b>	<b>4,596,343</b>
<b>Net Assets</b>		<b>(85,932)</b>	<b>(18,366)</b>
<b>Equity</b>			
Share Capital	14	1,415,747	1,315,747
Retained Earnings	14	(1,501,679)	(1,334,113)
<b>Total Equity</b>		<b>(85,932)</b>	<b>(18,366)</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

Date:

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# Statement of Cash Flows

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

	Notes	2021 (\$)	2020 (\$)
<b>Cash Flows from Operating Activities</b>			
Receipts from rental income		789,298	551,360
Receipts from customers		4,223,788	3,552,769
Payments to suppliers and employees		(5,028,515)	(3,423,918)
Rent and Lease payments		(341,735)	(290,665)
Interest received		10,195	15,825
Income tax refunded/(paid)		1,690	2,222
Subvention Payment		109,817	336,351
GST		(23,667)	51,342
<b>Total Cash Flows from Operating Activities</b>	<b>16</b>	<b>(259,128)</b>	<b>795,286</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant and equipment		(16,372)	(18,636)
Bonds Paid Student Accommodation		7,520	(2,880)
<b>Total Cash Flows from Investing Activities</b>		<b>(8,852)</b>	<b>(21,516)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds of long-term loans			64,000
<b>Total Cash Flows from Financing Activities</b>		<b>0</b>	<b>64,000</b>
<b>Net Cash Flows</b>		<b>(267,980)</b>	<b>837,770</b>
<b>Cash Balances</b>			
Cash and cash equivalents at beginning of period	4	931,545	93,775
Cash and cash equivalents at end of period	4	663,565	931,545
<b>Net change in cash for period</b>		<b>(267,980)</b>	<b>837,770</b>
<b>Note</b>			
Non-cash Financial Transactions:			
Conversion of Debt to Equity		100,000	

The accompanying notes form part of these financial statements. These financial statements have been subject to audit or review, and should be read in conjunction with the attached Auditors Report.

# Notes to the Financial Statements

## New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2021

### 1. Statement of Accounting Policies

#### Reporting Entity

New Zealand International Commercial Pilot Academy Limited is a public benefit entity for the purposes of financial reporting.

New Zealand International Commercial Pilot Academy Limited is a company incorporated under the Companies Act 1993 and is engaged in the business of flight training and charter flights.

New Zealand International Commercial Pilot Academy Limited parent entity is Whanganui District Council Holdings. Therefore the company is a Council Controlled Organisation as defined by section 6 of the Local Government Act 2002.

These financial statements are for the year ended 30 June 2021.

The entities owners do not have the power to amend the financial statements after they are issued.

#### Basis of Preparation

##### (a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 public benefit entities, and disclosure concessions have been applied.

New Zealand International Commercial Pilot Academy Limited qualifies as a Tier 2 reporting entity as it is not publicly accountable and not large (operating expenditure is expected to be between \$2m and \$30m in a full 12 month period). These financial statements were authorised for issue by the Board on 24 November 2023.

##### (b) Measurement basis

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- The initial measurement of assets received from non-exchange transactions

##### (c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the controlling entity's functional presentation currency.

#### Changes in Accounting Policies

All accounting policies were applied on a consistent basis during the year.

2020: (New Zealand International Commercial Pilot Academy adopted PBE standards RDR in the 2020 year. NZICPA reviewed the financials statements previously audited for the year ended 30 June 2019 and note there have been no numerical adjustments or reclassifications required arising from the transition to the new PBE accounting standards.)

#### Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

## Revenue Recognition

Revenue is recognised when the amount of revenue can be measure reliably and it is probable that economic benefits will flow to the New Zealand International Commercial Pilot Academy and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the New Zealand International Commercial Pilot Academy revenue streams must also be met before revenue is recognised.

### (a) Revenue from exchange transactions

#### *Sale of goods*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

#### *Lease Revenue*

Revenue is recognised on a straight line basis over the life of the lease.

#### *Interest received*

Interest is recognised as interest accrues, by reference to the principle outstanding and the effective interest rate applicable.

### (b) Revenue from non-exchange transactions

Non-exchange transactions are those where the New Zealand International Commercial Pilot Academy receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return. With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

#### *Grants, Donations, Legacies and Bequests*

The Recognition of non-exchange revenue from Grants, Donations, Legacies and Bequests depends on the nature of any stipulations attached to the inflow of the resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.



Stipulations that are 'conditions' specifically require the New Zealand International Commercial Pilot Academy to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the New Zealand International Commercial Pilot Academy to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

#### *Debt Forgiveness*

Non-exchange revenue relating to debt forgiveness is recognised at the point at which the contractual obligations for repayment of the debt are discharged, cancelled, or expire.

### **Property, Plant and Equipment and Investment Property**

#### **Recognition and measurement**

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

All of the New Zealand International Commercial Pilot Academy items of property plant and equipment are subsequently measured in accordance with the cost model.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour
- Costs directly attributable to bringing the assets to a working condition for their intended use

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

#### **Depreciation**

Depreciation is provided on all property, plant and equipment. Depreciation is calculated on a straight-line basis to allocate the cost or value of the asset (less any residual value) over its useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

<b>Account</b>	<b>Method</b>	<b>Rate</b>
Office Equipment	Straight Line	7% - 67%
Plant & Equipment	Straight Line	8.5% - 67%
Motor Vehicles	Straight Line	21%

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These are valued at cost and are amortised over the expected useful life of the license.

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

## Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST. Where GST is not recoverable as input tax then it is recognised as a part of the related asset or expense.

## Income Tax

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

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

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

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

## Inventories

Inventories are stated at the lower of cost, determined on a first-in-first-out basis, and net realisable value.

## Foreign Currencies

Both the functional and presentation currency for the company is New Zealand dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The gain or loss on translation differences on non-monetary items is recognised in equity, whilst other translation differences to monetary items are recognised in the Statement of Comprehensive Revenue and Expense.

## Statement of Cash Flows

Cash comprises cash balances on hand, cash held in bank accounts, demand deposits and other highly liquid investments in which the Company invests as part of its day-to-day cash management. Highly liquid investments are those with maturity dates of three months or less from the date of investment.

Operating activities include cash received from all income sources of the Company, and record the cash payment made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

## Receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Given the current debtor management practices, a student is unable to have his or her Log Book signed off for practical completion until all outstanding debtor balances have been paid.

Receivables are all generally due by the 20th of the month following the date of the invoice.

## Employee Entitlement

Provision is made in respect of the Company's liability for annual leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while other provisions have been calculated on an actuarial basis at current rates of pay.

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current pay rates.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, long service leave entitlements expected to be settled within 12 months, and sick leave.

The Company recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlement earned during the year. The amount calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is past practice that has created a constructive obligation.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

## Borrowing

Borrowing costs are recognised as an expense in the period in which they are incurred.

## Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks for terms less than three months.

## Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Going Concern

These financial statements have been prepared on the basis that the company is a going concern and has the continuing support of its shareholder. Based on the continuing financial support of its shareholder, the company would satisfy the solvency requirements of the Companies Act 1993.

## Operating Leases

Leases that are not finance leases are classified as operating leases.

Operating leases are not recognised in the New Zealand International Commercial Pilot Academy Limited statement of financial

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

### **Financial Assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which NZICPA commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the NZICPA has transferred substantially all the risks and rewards of ownership.

#### *Loans and receivables*

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

The Company's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits, related party loans and third party loans.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Therefore, as per the standard IPSAS 29 NZICPA meets its requirements.

### **Financial Liabilities**

Financial liabilities (creditors, income in advance, loans bonds and deposits) are initially recognised at fair value. These are subsequently recognised at amortised cost.

### **Derecognition of Financial Instruments**

Financial Assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change to useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive revenue and expense when the asset is derecognised.

### **Engine Overhauls**

Major maintenance of airframes and engines, including replacement spares and parts, labour costs and/or third party maintenance service costs, are capitalized and depreciated over the average expected life between major maintenance events based on hours flown. Major maintenance events typically consist of more complex inspections and servicing of the aircraft. All maintenance of fleet assets provided under power-by-the-hour contracts is charged to operating expenses in the income statement as incurred.

### **Critical Accounting Estimates and Assumptions**

In preparing these Financial Statements NZICPA has made estimates and assumptions concerning the future that may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. Meeting the probable test is reliant on the ability of the company to produce future taxable income.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **Property, Plant and Equipment Useful Lives and Residual Values.**

At each balance date NZICPA reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires NZICPA to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by NZICPA and expected disposal proceeds from the sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the statement of financial position. NZICPA minimises the risk of this estimation uncertainty by:

- physical inspection of assets
- asset replacement programmes
- review of second hand market prices for similar assets
- analysis of prior assets sales

NZICPA has not made significant changes to past assumptions concerning useful lives and residual values.

#### **Impairment of Property, Plant and Equipment**

Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the assets recoverable amount is estimated. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

Value in use is depreciated, replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset; replace its remaining future economic benefits or service potential.

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows in assessing value in use the estimated cash flows and discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and risks to the specific asset.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and carrying amount is written down to the recoverable amount.

For assets not carried at a revalued amount (other than goodwill) the reversal of the impairment loss is recognised in the statement of comprehensive income.

#### **Leases**

A judgement has been made that all leases held with WDCHL are operating leases due to most of the risk being held by WDCHL.

2021  
(\$)

2020  
(\$)

## **2. Analysis of Revenue**

### **Revenue from providing goods or services**

#### **Flight Training Revenue**

Flight Training Revenue - Flying Instruction	2,936,667	1,820,163
Flight Training Revenue - Ground Instruction	554,963	1,023,694
Flight Training Revenue - Simulator Instruction	84,142	-

	2021 (\$)	2020 (\$)
Student Equipment & Uniform Sales	24,170	107,322
TEC First Year Funding	78,778	96,339
TEC SAC Funding	252,251	223,437
<b>Total Flight Training Revenue</b>	<b>3,930,971</b>	<b>3,270,956</b>
<b>Charter Revenue</b>		
Charter Revenue	2,389	3,413
Hireage of Aircraft	5,817	1,150
Promotional Revenue	6,436	3,362
<b>Total Charter Revenue</b>	<b>14,642</b>	<b>7,924</b>
<b>Total Revenue from providing goods or services</b>	<b>3,945,613</b>	<b>3,278,879</b>
<b>Student Accommodation Revenue</b>		
Rent Received Student Accommodation	776,063	538,133
<b>Total Student Accommodation Revenue</b>	<b>776,063</b>	<b>538,133</b>
<b>Government Grants</b>		
COVID-19 Wage Subsidy Received	160,877	221,462
Student Hardship Grant Received	7,363	-
<b>Total Government Grants</b>	<b>168,240</b>	<b>221,462</b>
<b>Other revenue</b>		
Facility Hire	13,235	13,228
Fuel Sales	-	26
Grants Received	17,391	-
Interest Received	10,195	15,825
Expenses - recharged	40,408	69,276
Subvention Payment GasNet	109,817	336,352
Sundry Revenue	7,340	39,674
<b>Total Other revenue</b>	<b>198,387</b>	<b>474,381</b>
	2021 (\$)	2020 (\$)

### 3. Analysis of Expenses

#### Cost of Sales

Airport Landing Charges	89,678	75,513
Aircraft Hire Expenses	341,270	294,652
Airways Charges Expenses	32,734	20,170
Commission	133,600	177,523
Customer Amenities	9,070	10,051
Exam Fees	163,539	150,212
Fuel & Oil	485,063	384,128
Training Aids and Equipment	88	10,261
Hireage of Aircraft - WDCHL	244,660	180,864
Insurance - Aircraft	60,910	71,440
Simulator Expense	1,295	-
Student Expenses	19,508	64,685

	2021 (\$)	2020 (\$)
Maintenance	656,474	358,123
Occurrence Investigation Fees	-	4,722
Stock from Inventory	50,437	86,671
Student Training Expenses - Fees Paid to other Organisations	5,728	33,960
<b>Total Cost of Sales</b>	<b>2,294,055</b>	<b>1,922,975</b>

#### Student Accommodation Expenses

Advertising	677	-
Amenities (food)	122,954	62,064
Cleaning	93,271	26,196
Customer Amenities	2,165	-
Donations	250	-
Insurance	69,872	144
IT Support	261	3,603
Gardens	1,038	-
General Expenses	155	621
Furniture & Fittings	296	-
Light, Power & Heating	120,658	42,307
Pastoral Care	934	-
Printing Stamps & Stationary	663	290
Protective Clothing & Uniforms	469	102
Rates	54,240	1,010
Rent Paid	189,338	202,324
Repairs & Maintenance	26,344	10,986
Security	3,275	1,117
Staff Training/Recruitment	25	501
Telephone & Internet	6,334	4,617
Transport	29,095	12
<b>Total Student Accommodation Expenses</b>	<b>722,313</b>	<b>355,894</b>

#### Expenses

##### Administration and Operating Costs

ACC	20,553	20,179
Accounting	47,896	33,218
Advertising	3,448	8,200
Advisory Board Expenses	-	1,909
Aircraft Supplies	6,843	-
Fees and Audit Costs - NZQA, CAA, TEC and other	26,935	74,798
Audit NZ Fees	39,199	29,413
Bank Fees	519	563
Bank Merchant Fees	4,374	2,180
Board Expenses (Includes Directors Fees, room hireage & catering)	-	65
CAA Licence Fees	41,410	2,653
Cleaning	5,508	24,676
IT Support	11,835	17,852
Consultancy	34,671	18,528

	2021 (\$)	2020 (\$)
Donations	-	900
Gifts	545	-
Entertainment	824	1,177
Equipment Rental	-	1,634
FlightRule Contract	60,000	-
General Expenses	3,943	4,987
Graduation Expenses	6,251	1,357
Indigo Project Expenses	-	18,635
Insurance - other than Aircraft	10,665	6,928
Legal expenses	14,176	16,476
Light, Power, Heating	17,405	22,544
Marketing	9,974	-
Motor Vehicle Expenses	8,660	5,612
Office Expenses	11,703	37,007
Professional Development/ Staff Qualifications	10,905	2,075
Protective Clothing & Uniforms	1,198	1,851
Markhams/PWC - Tax Return Fee	8,450	7,650
Public Trust Fees	8,648	10,950
Rates	3,695	819
Rent - WDCHL	129,819	139,078
Repairs & Maintenance	23,753	22,830
Security	1,203	2,036
Safety Management System Expenses	-	32,184
St. George's Campus Expenses	63,095	107
Staff Training and Recruitment	1,339	6,038
Student Hardship Grant Paid	7,363	-
Subscriptions	46,305	6,594
Telephone & Internet	9,765	10,402
Tracking Fee	-	2,443
Travel & Accommodation	7,687	26,941
<b>Total Administration and Operating Costs</b>	<b>710,561</b>	<b>623,488</b>
<b>Wages &amp; Salaries</b>		
Wages & Salaries	1,466,822	1,417,738
<b>Total Wages &amp; Salaries</b>	<b>1,466,822</b>	<b>1,417,738</b>
<b>Amortization, Depreciation &amp; Impairment</b>		
<b>Depreciation Fixed Assets</b>		
Motor Vehicles	10,640	11,331
Office Equipment	7,030	7,674
Plant & Equipment	5,926	4,497
<b>Total Depreciation Fixed Assets</b>	<b>23,596</b>	<b>23,503</b>
Engine Overhaul Depreciation	38,523	27,207
Impairment Goodwill	-	396,000



Impairment Vietnamese License Fee	-	18,129
<b>Total Amortization, Depreciation &amp; Impairment</b>	<b>62,119</b>	<b>464,838</b>
<b>Total Expenses</b>	<b>2,239,502</b>	<b>2,506,065</b>
	2021	2020
	(\$)	(\$)

#### 4. Analysis of Assets

##### Cash and Cash equivalents

Cheque Account	235,010	298,181
Savings Account (on call)	358,672	563,506
Student Account (on call)	69,884	69,859
<b>Total Cash and Cash equivalents</b>	<b>663,565</b>	<b>931,545</b>

##### Trade & other receivables & Prepayments

###### Non-Exchange Transactions

-	-	-
<b>Total Non-Exchange Transactions</b>	<b>-</b>	<b>-</b>

###### Exchange Transactions

Accounts Receivable	99,378	226,424
less Provision for Doubtful Debts	(8,146)	(8,146)
Prepayment Travel	-	5,679
Student Fees held by Public Trust	3,042,119	3,278,484
<b>Total Exchange Transactions</b>	<b>3,133,351</b>	<b>3,502,441</b>

<b>Total Trade &amp; other receivables &amp; Prepayments</b>	<b>3,133,351</b>	<b>3,502,441</b>
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##### Inventory

Work in Progress	7,565	7,565
<b>Total Inventory</b>	<b>7,565</b>	<b>7,565</b>

##### Income Tax Receivable

Income Tax Receivable	3,051	4,741
<b>Total Income Tax Receivable</b>	<b>3,051</b>	<b>4,741</b>

##### Other current assets

Bonds paid student accommodation	-	7,520
Interest Held by Public Trust	-	2,150
<b>Total Other current assets</b>	<b>-</b>	<b>9,670</b>

##### Non-current assets

###### Engine Overhaul Cost

Engine Overhaul Cost	104,699	104,699
Engine Overhaul Provision Expensed	(79,648)	(41,124)
<b>Total Engine Overhaul Cost</b>	<b>25,051</b>	<b>63,574</b>

<b>Total Non-current assets</b>	<b>25,051</b>	<b>63,574</b>
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	2021 (\$)	2020 (\$)
<b>5. Analysis of Liabilities</b>		
<b>Trade &amp; Other payables</b>		
<b>Non-exchange Transactions</b>		
-	-	-
<b>Total Non-exchange Transactions</b>	<b>-</b>	<b>-</b>
<b>Exchange Transaction</b>		
Accounts Payable	775,415	1,064,050
PAYE Liability	28,026	34,955
WDCHL Advance Set-up Costs Nazareth & St. George's	3,230	11,636
<b>Total Exchange Transaction</b>	<b>806,670</b>	<b>1,110,641</b>
<b>Total Trade &amp; Other payables</b>	<b>806,670</b>	<b>1,110,641</b>
<b>GST</b>		
GST	20,407	28,703
<b>Employee Costs Payable</b>		
Wage Liability	69,851	89,075
Wage Liability - Contractor Payment Deduction	50	468
Accrued Annual Leave	140,341	138,553
<b>Total Employee Costs Payable</b>	<b>210,242</b>	<b>228,096</b>
<b>Deposits Held</b>		
Deposits Held Student Accommodation	13,110	19,810
<b>Revenue in Advance</b>		
Prepaid Flight Packages	14,537	14,098
Student Revenue in Advance held by Public Trust	2,836,167	3,013,449
<b>Total Revenue in Advance</b>	<b>2,850,703</b>	<b>3,027,546</b>
<b>Unused Donations and Grants Received</b>		
Covid-19 Wage Subsidy received in advance	-	114,042
Hardship Grant Held	4,600	3,503
<b>Total Unused Donations and Grants Received</b>	<b>4,600</b>	<b>117,546</b>

## 6. Goodwill

Goodwill of \$396,000 had been recognised. The goodwill was paid as part of the purchase of the business (Flight Training Manawatu) from Mr Michael Bryant.

As the goodwill has the same indefinite useful life as the business it is not amortised but assessed for impairment in accordance with NZ IAS 36.

### *Assessment of Impairment*

The goodwill was assessed as being of Nil value in the 2020 Financial year and an impairment was deemed necessary by the Directors. This assessment was based on the current economic environment.

## 7. Property, Plant and Equipment

2020	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Cost	55,014	42,113	33,435	130,562
Accumulated Depreciation	33,764	21,060	17,297	72,121
<b>Net Book Value</b>	<b>21,250</b>	<b>21,053</b>	<b>16,138</b>	<b>58,441</b>

2021	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Cost	55,014	42,113	49,806	146,933
Accumulated Depreciation	44,404	28,090	23,223	95,717
<b>Net Book Value</b>	<b>10,610</b>	<b>14,023</b>	<b>26,583</b>	<b>51,216</b>

#### Reconciliation of the carrying amount at the beginning and end of the period:

	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Opening Balance	21,250	21,053	16,138	58,441
Additions	-	-	16,371	16,371
Disposals	-	-	-	-
Revaluations	-	-	-	-
Depreciation	10,640	7,030	5,926	23,596
<b>Net book value</b>	<b>10,610</b>	<b>14,023</b>	<b>26,583</b>	<b>51,216</b>

All assets are covered by the general security agreement signed between the New Zealand International Commercial Pilot Academy Limited and Whanganui District Council Holdings Limited which grants security of interest over all present and after acquired property.

	2021 (\$)	2020 (\$)
<b>8. Income Tax</b>		
<b>Component of tax expense</b>		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Adjustments to prior tax in current year	-	-
Deferred tax expense on temporary differences	-	115,248
<b>Total Component of tax expense</b>	<b>-</b>	<b>115,248</b>
<b>Total Income Tax</b>	<b>-</b>	<b>115,248</b>
	2021 (\$)	2020 (\$)

#### Relationship between tax expense and accounting profit

Net surplus before tax	(167,566)	(272,078)
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	2021 (\$)	2020 (\$)
Tax at 28%	(46,918)	(76,182)
<b>Plus (less) tax effect of:</b>		
Non-deductible expenditure	123	176
Imputation Credit Adjustment	-	-
Non-taxable income	-	(94,179)
Non-deductible expenditure	-	187,422
Prior year Adjustment	-	-
Group loss offset	-	-
Deferred tax adjustment	46,795	98,011
Tax Expense	-	115,248

### Deferred tax asset (liability)

	Property, plant and equipment	Employee entitlements	Other provisions	Tax losses	Total
Balance at 30 June 2019	-	20,826	2,281	92,141	115,248
Charged to surplus or deficit	-	(20,826)	(2,281)	(92,141)	(115,248)
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2020	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2021	-	-	-	-	-

A deferred tax asset has not been recognized in relation to tax losses of \$290,189 (2020: \$109,817) and temporary differences of \$128,842 (2020: \$125,961).

	2021 (\$)	2020 (\$)
<b>9. Borrowings</b>		
<b>Non-Current Portion</b>		
IRD Business Continuity Loan	(64,000)	(64,000)
Secured Loans	-	-
<b>Total Non-Current Portion</b>	<b>(64,000)</b>	<b>(64,000)</b>
<b>Total Borrowings</b>	<b>(64,000)</b>	<b>(64,000)</b>

NZICPA received a Small Business Cash Flow Loan from IRD of \$64,000 as part of the Governments response to Covid-19.

This loan has a 3% interest rate, or is interest free if repaid within the first year.

No repayments are required for the first 2 years and has a maximum term of 5 years.

NZICPA's secured debt is interest free and repayable on demand. WDCHL has a first ranking debenture over all assets is in place. (2020: During the 2020 year \$245,000 was advanced from the WDCHL and this was repaid in the financial year.)

WDCHL has a first ranking debenture over all assets is in place.

Refer to Note 14 for the breakdown of further advances in the year converted to share capital.

	2021 (\$)	2020 (\$)
<b>10. Compensation for Key Management Personnel</b>		
Salaries & Short Term Benefits	163,656	194,100
Professional Development	9,057	1,950
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Directors benefits	-	-
Directors benefits whilst overseas	-	-
<b>Total Compensation for Key Management Personnel</b>	<b>172,713</b>	<b>196,050</b>

Key Management Personnel consist of the CEO Phillip Bedford and the Directors. Directors Benefits include fees paid to directors whilst travelling overseas representing the company. During the 2021 financial year, no Directors travelled overseas. (2020:Nil)

### 11. Audit

These financial statements have been subject to an audit by Audit New Zealand.

### 12. Contingent Assets or Liabilities

At balance date there are no known contingent Assets or liabilities. New Zealand International Commercial Pilot Academy Limited has not granted any securities in respect of liabilities payable by any other party whatsoever. (2020: Nil)

### 13. Related Parties

The following transactions with related parties occurred during the year:

- During the 2021 financial year, WDCHL advances \$ Nil to the company to assist with working capital needs (due to growth). (2020: \$245,000).
- NZICPA owes WDCHL \$11,126 in relation to \$141,952 advanced to do with the fit out of Buildings. \$113,202 was paid during the year.(2020: \$113,202).
- NZICPA paid WDCHL \$246,000 for the lease of the Holdings aircraft for the year. (2020: \$180,864).
- NZICPA paid WDCHL \$113,000 for the lease of the hangar. (2020:\$113,000).
- NZICPA paid WDCHL \$175,008 for the lease of Student Accommodation. (2020:\$43,752).
- NZICPA paid WDC \$16,819 for land lease for the year. (2020:\$8,410 and NZICPA paid WDCHL \$2,803 for land lease for the year.)
- Matthew Doyle is a Director of NZICPA and Principle at Doyle & Associates the Accountants Ltd & Doyles Audit. NZICPA paid Doyle & Associates a total of \$47,895 in the 2021 financial year for accounting services. (2020: \$33,218).
- NZICPA tax loss of \$109,817 was transferred to GasNet via a subvention payment for the same value. (2020: \$336,352)

	2021 (\$)	2020 (\$)
<b>14. Equity</b>		
<b>Share Capital - 1,415,747 ordinary shares issued &amp; paid up</b>		
Opening Balance	1,315,747	1,315,747
Ordinary shares - issued & paid up	100,000	-
<b>Total Share Capital - 1,415,747 ordinary shares issued &amp; paid up</b>	<b>1,415,747</b>	<b>1,315,747</b>
<b>Retained Earnings</b>		
Opening Balance	(1,334,113)	(946,787)
Current Year Earnings	(167,566)	(387,326)
<b>Total Retained Earnings</b>	<b>(1,501,679)</b>	<b>(1,334,113)</b>
<b>Total Equity</b>	<b>(85,932)</b>	<b>(18,366)</b>

### Shares on Issue

The board have authorised the issue of 1,415,747 shares. All shares are held by Whanganui District Council Holdings Limited.

These shares have a par value of \$1 per share. All shares are ordinary shares with the same rights preferences and restrictions attached.

There are no shares outstanding at the beginning or end of the year and no shares reserved for issue.

### 15. Financial Instruments

#### Financial Assets

- Loans and receivables at amortised cost \$ 3,133,351 (2020: \$3,502,441)

#### Financial Liabilities

- Financial liabilities loans and borrowings (Note 9) \$ 64,000 (2020: \$64,000)
- Other Financial liabilities at amortised cost - Trade and other payables (Note 5) \$ 806,670 (2020: \$1,110,641)

### 16. Leases

New Zealand International Pilot Academy holds a number of leases:

Ground rental Airport Road - 20 year lease \$22,425 per annum GST exclusive - expiring 31 July 2037. In 2020 50% of the value of the lease was paid as per the lease agreement. This increases to 75% in 2021 and then the full amount from 2022 forward.

Building Lease Airport Road - 5 Year Lease \$113,000 per annum GST exclusive - expiring 31 December 2022. With 2, 5 year rights of renewal whether these are taken up will be assessed in 2022.

Aircraft Lease \$242,299 per annum GST exclusive running until 31 December 2022. This lease renews monthly but this is the reasonable time that the lease will run for.

There are no lease agreements for the lease of the Hato Hohepa and College Estate Properties, NZICPA pays a monthly GST exclusive fee of \$4,167 for Hato Hohepa and \$10,417 for College Estate.

These have been assessed as operating leases as the majority of the risk lies with the lease Whanganui District Council Holdings.

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:

	<b>2021</b>	2020
Less than one year	372,118	372,118
Between one and 5 years	268,350	622,649
Greater than 5 years	246,675	269,100
Total non-cancellable operating lease payments	887,143	1,263,867

## 17. Covid-19

On March 11, 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic. Two weeks later, on 26 March, New Zealand increased its COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lock down all tertiary institutions were closed. Subsequently all institutions reopened on the 18th of May 2020.

All of New Zealand went into lockdown on the 17 August 2021 Ground training was delivered online during this period but flight training did not resume until New Zealand moved to Alert level 2 on 7 September 2021.

NZICPA qualified for both the original wage subsidy provided by the government in response to Covid-19 and the further wage subsidy. NZICPA received wage subsidies of \$127,446 during 2022 (2021: \$208,058).

At this time the full financial impact of the COVID-19 pandemic is not able to be determined. Although NZICPA has reopened and is operating normally. However, economic uncertainties have arisen which are likely to negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified resulting from the COVID-19 pandemic:

A reduction in revenue from student fees & charges from International students and/or Board of Directors operated boarding facilities, including the potential loss of current and prospective students due to the disruption and/or pressures created by COVID-19 and the border being closed. The border reopened to international students on the 12 April 2022, with 43 International students arriving in April 2022.

Because of the matters noted above, the school has experienced a significant reduction in expected revenue and was not able to reduce its costs as quickly. As a result the school was depleting cash reserves and required the support of its shareholder. Extensive budgeting and cash flow work has been done to ensure the flight school remains viable. NZICPA has the continued support of the shareholder which has provided the school with a the financial support documented below and a letter of support to validate this.

In response to the reduction in revenue and cash being depleted Whanganui District Council Holdings Limited established a loan agreement dated the 8 September 2021, which sets out the repayment terms for the current inter-company debt payable to WDCHL of approximately \$470,000 and the following credit facilities:

1. \$200,000 credit facility from WDCHL, plus
2. \$150,000 Whanganui District Council (WDC) funding support with a further \$150,000 if agreed to by WDC.

Under the terms of the loan, no demand for payment will be made prior to 30 June 2022 without the agreement of both WDCHL and NZICPA, and repayment is not required if it would place NZICPA at serious financial risk or be likely to result in it incurring a material loss or entering insolvency.

The company received a \$300,000 advance/ loan from WDCHL in September 2021 and drew down the \$200,000 credit facility in December 2021 and February 2022. Balance at year end \$500,000.

On the 10 November 2022 a further loan agreement was signed under which NZICPA received an advance for Bridging and Discretionary Facility from WDCHL of \$350,000 during the 2023 year, which was received in two payments. One of \$200,000 on 28 September 2022 and another of \$150,000 on 1 December 2022. The new loan agreement included interest on the advances paid monthly at a rate of 5.41 % per annum. Repayment of the advances due at the end of each calendar quarter from March 2023 repaying such amount of the Principal Sums as NZICPA can reasonably afford given the then current and projected cashflow requirements and undertakes in good faith to repay the Principal Sums as quickly as can reasonably be achieved given the operational and solvency requirements of the Company. No demand for payment has been made prior to 24 November 2023.

On the 29 August 2023 a further loan agreement was signed under which NZICPA will receive an advance for working capital for the NZICPA IndiGo Business Case from WDCHL of \$1,300,000 during the 2024 year. On 16 November 2023 \$350,000 was advanced. The new loan agreement included interest on the advances paid monthly at a rate of 10 % per annum. Repayment of the advances due by 30 June 2028 the Lender expects that the Borrower will repay Principal Sums as cashflow permits. No demand for payment has been made prior to 24 November 2023.

Based on the above we have assessed ourselves as going concern.

### **18. Events Occurring After Balance Date**

In October 2022 NZICPA agreed to purchase its maintenance provider Aero Care Limited. In November 2023 NZICPA entered into discussions to purchase Air Hawkes Bay another flight school based in Hawkes Bay. The events after balance date related to Covid-19 are disclosed in Note 17. (2020: In October 2022 NZICPA agreed to purchase its maintenance provider Aero Care Limited.)

### **19. Rounding**

There will be rounding of numbers in the annual report. These rounded amounts may differ as the figures in the Statement of Comprehensive Revenue and Expense and Statement of Financial Position round in order for totals to add down the report whilst the notes round the actual figures to the nearest whole dollar amount.

### **20. Breach of Statutory Deadline**

Section 67(5) of the Local Government Act 2002 requires that the company complete its 30 June 2021 annual report before the close of 30 November 2021. Due to delays the 30 June 2021 annual report was completed in November 2023.