

Financial Statements

New Zealand International Commercial Pilot Academy Limited
For the year ended 30 June 2020

Prepared by PKF Doyle and Associates The Accountants Ltd

Contents

3	Directory
4	Statutory Information
7	Statement of Responsibility
8	Statement of Service Performance
10	Statement of Comprehensive Revenue and Expense
12	Statement of Changes in Equity
13	Statement of Financial Position
14	Statement of Cash Flows
15	Notes to the Financial Statements

Directory

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2020

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
Charles Anderson
David Rae
Matthew Doyle
Peter Hazledine
Simon Karipa

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: 1,315,747 shares

Statutory Information

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2020

The Directors present their report and the financial statements for the year ended 30 June 2020.

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 (\$387,362) (2019:(\$442,367)) for the Company for the year ended 30 June 2020. Equity at the end of the year was (\$18,366) (2019:\$368,960).

Directors and their remuneration

From April 2018 Directors Fees are being paid via Whanganui District Council Holdings Ltd as the Council's policy on Directors Fees was changed. Prior to this Directors fees were (\$1,000 per month):

Annette Main

- GasNet Ltd - Director
- Lovely Food Co. - Owner
- New Zealand International Commercial Pilot Academy - Director
- Taiata - Owner
- Te Korire Trust - Trustee
- The Kitchen Whanganui - Owner
- UCOL (Universal College of Learning) - Councilor
- Whanganui District Council Holdings Ltd - Director

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
- Astronomy NZ Ltd - Director
- PIF Guardians Ltd - Director
- Public Infrastructure Partners Fund III - AC Member
- Te Puia Tapapa Limited Partnership - IC Member
- Whanganui District Council Holdings Ltd - Director

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
- Whanganui District Council Holdings Ltd - Director

Peter Hazledine

- GasNet Ltd - Director
- Hazledine Consulting Ltd - Owner / Director
- New Zealand International Commercial Pilot Academy Ltd - Director
- Whanganui District Council Holdings Ltd - Director
- Altosa Forestry Company Limited - Owner / Director

Simon Karipa

- Crown Forestry Rental Trust Alternate - Trustee
- GasNet Ltd - Director
- Karipa Marumarū Whānau Trust - Trustee/beneficiary
- Maara Moana Limited - Director
- New Zealand International Commercial Pilot Academy Ltd - Director
- Paraekaretu Solutions Limited Director/shareholder
- Parewānui Trust - Trustee/beneficiary
- Puramakau 2L Limited - Director
- Puramakau 2M Limited - Director
- Puramakau 2N Limited - Director
- Puramakau 2O Limited - Director
- Te Kumara 3L Limited - Director
- Te Ngakinga o Whanganui Investment Trust - Chairman
- Waikato 1B Limited - Director
- Waikato 1C Limited - Director
- Waikato 1D Limited - Director
- Whanganui District Council Holdings Ltd - Director
- Whanganui Iwi Fisheries Limited - Chairman

Phillip Bedford (CEO NZICPA)

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

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 \$1 million.

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 2020 audit of \$29,413 (2019:\$16,610) 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 2020

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 2020.

APPROVED

For and on behalf of the Board of Directors.

David Rae

Date: 20 September 2023

Matthew Doyle

Date: 20 September 2023

Statement of Service Performance

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2020

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 both certificates, including the Part 141 approved training organisation (ATO), and Part 135 air operator. The detailed and comprehensive audit was completed with no findings.
- 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 19/20. Increasing flying hours from 7,015 to 9,265 and revenue from \$2,278,081 to \$3,278,879.

The transition to Whanganui has continued to result in increased costs. As the entity continues to grow to a stage where it can be premier venue for flight training and financially self sufficient.

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

	2020	2020 SOI	2019
Description and Quantification of the Entity's Outputs			
EBITDA for the year before one off costs	192,761	100,000	(308,260)
One off Costs	-	-	19,850
EBITDA	192,761	100,000	(328,110)
Return %	105	15	(89)
	2020	2020 SOI	2019

Other Performance Objectives

	2020	2020 SOI	2019
Donations	900	300	100
Flying hours available to community groups	52	50	55

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 -3.8% (2019:14.5%).

	2020	2020 SOI	2019
Consolidated Shareholder Funds	(\$18,366)	-	\$368,960
Total Assets	\$4,843,012	-	\$2,538,913
Ratio Shareholder Funds Divided by Total Assets	(3.8%)	< 50%	14.5%

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.

	2020	2020 SOI	2019
Student Numbers	85	60	63
Flying Hours	9,265	7,700	7,015
Margin per Flying Hour	\$64	\$40	\$62
Holdings aircraft utilization percentage	68%	65%	64%

Statement of Comprehensive Revenue and Expense

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2020

	NOTES	2020 (\$)	2019 (\$)
Trading Revenue			
Flight Training Revenue	2	3,270,956	2,271,441
Charter Income	2	7,924	6,639
Total Trading Revenue		3,278,879	2,278,081
Cost of Services			
Cost of Sales	3	1,922,975	1,311,244
Total Cost of Services		1,922,975	1,311,244
Gross Profit		1,355,905	966,836
Student Accomodation			
Student Accommodation Revenue	2	538,133	205,137
Student Accommodation Expenses	3	(355,894)	(181,034)
Total Student Accomodation		182,239	24,103
Other Revenue			
Government Grants	2	221,462	-
Other Revenue	2	474,381	32,705
Total Other Revenue		695,843	32,705
Total Revenue		2,233,987	1,023,644
Expenses			
Administration and Operating Costs	3	623,488	557,069
Wages and salaries	3	1,417,738	794,685
Total Expenses		2,041,226	1,351,754
Net Surplus/(Deficit) before Amortisation, Depreciation, Impairment and Tax		192,761	(328,110)
Amortisation, Depreciation and Impairment Expense			
Depreciation on Fixed Assets	3	23,503	20,722
Engine Overhaul Depreciation	3	27,207	13,917
Impairment Goodwill	6	396,000	-
Impairment of License Fee	3	18,129	-
Total Amortisation, Depreciation and Impairment Expense		464,838	34,640
Net Surplus/(Deficit) before Tax		(272,078)	(362,749)
Tax Expense			
Tax Expense	8	115,248	79,617

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	2020 (\$)	2019 (\$)
Deficit after Tax Attribution to Shareholders		(387,326)	(442,367)
Total Comprehensive Revenue and Expenses Attributable to Shareholders		(387,326)	(442,367)

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.

Statement of Changes in Equity

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2020

	NOTES	2020 (\$)	2019 (\$)
Equity			
Opening Balance		368,960	520,130
Comprehensive Revenue and Expense			
Surplus/ (deficit) after tax for continuing operations	14	(387,326)	(442,367)
Total Comprehensive Revenue and Expense		(387,326)	(442,367)
Transactions with Shareholders			
Share Capital - Issued	14	-	291,197
Total Transactions with Shareholders		-	291,197
Total Equity		(18,366)	368,960

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Statement of Financial Position

New Zealand International Commercial Pilot Academy Limited As at 30 June 2020

	NOTES	2020 (\$)	2019 (\$)
Assets			
Current Assets			
Cash and Cash equivalents	4	931,545	93,775
Trade and Other Receivables	4	3,502,441	1,742,504
Inventories/ WIP	4	7,565	7,565
Income Tax Receivable	4	4,741	6,963
Other Current Assets	4	9,670	4,640
Total Current Assets		4,455,962	1,855,447
Non-Current Assets			
Deferred Tax	8	-	115,248
Engine Overhaul	4	63,574	90,781
Property, Plant and Equipment	7	58,441	63,308
Intangibles			
Goodwill	6	-	396,000
Vietnam CAA License	4	-	18,129
Total Non-Current Assets		122,015	683,466
Total Assets		4,577,977	2,538,913
Liabilities			
Current Liabilities			
Trade and Other Payables	5	1,110,641	551,483
GST Payable	5	28,703	5,725
Employee Entitlements	5	228,096	115,863
Deposits Held Student Accommodation	5	19,810	13,020
Revenue in Advance	5	3,027,546	1,483,862
Unused donations and grants received	5	117,546	-
Total Current Liabilities		4,532,343	2,169,953
Non-Current Liabilities			
Loans	9	64,000	-
Total Non-Current Liabilities		64,000	-
Total Liabilities		4,596,343	2,169,953
Net Assets		(18,366)	368,960
Equity			
Share Capital	14	1,315,747	1,315,747
Retained Earnings	14	(1,334,113)	(946,787)
Total Equity		(18,366)	368,960

Director _____ Director _____ Date: _____

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.



Statement of Cash Flows

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2020

	Notes	2020 (\$)	2019 (\$)
Cash Flows from Operating Activities			
Receipts from rental revenue		551,360	203,070
Receipts from customers		3,552,769	2,329,599
Payments to suppliers and employees		(3,423,917)	(1,847,756)
Rent and Lease payments		(290,665)	(572,235)
Interest received		15,825	7,101
Income tax refunded/(paid)		2,222	(2,119)
Subvention Payment		336,351	0
GST		51,342	(66,458)
Total Cash Flows from Operating Activities		795,287	51,201
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(18,636)	(122,490)
Bonds Paid Student Accomodation		0	(4,640)
Vietnam CAA Fees		0	(18,129)
Bonds Paid Student Accommodation		(2,880)	
Total Cash Flows from Investing Activities		(21,516)	(145,258)
Cash Flows from Financing Activities			
Proceeds of long-term loans		64,000	0
Repayment of long-term loans		0	0
Total Cash Flows from Financing Activities		64,000	0
Net Cash Flows		837,771	(94,057)
Cash Balances			
Cash and cash equivalents at beginning of period	4	93,775	187,832
Cash and cash equivalents at end of period	4	931,545	93,775
Net change in cash for period		837,771	(94,057)

Note

Non-cash Financial Transactions:

Conversion of Debt to Equity	291,197
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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 2020

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 2020.

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 20 September 2023.

This annual report is the first set of financial statements presented in accordance with PBE standards RDR.

(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

New Zealand International Commercial Pilot Academy has 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:

Account	Method	Rate
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.

	2020 (\$)	2019 (\$)
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2. Analysis of Revenue

Revenue from providing goods or services

Flight Training Revenue

Flight Training Revenue - Flying Instruction	1,820,163	1,414,900
Flight Training Revenue - Ground Instruction	1,023,694	560,127
Student Equipment & Uniform Sales	107,322	71,783

	2020 (\$)	2019 (\$)
TEC First Year Funding	96,339	29,575
TEC SAC Funding	223,437	195,055
Total Flight Training Revenue	3,270,956	2,271,441
Charter Revenue		
Charter Revenue	3,413	3,681
Hireage of Aircraft	1,150	418
Promotional Revenue	3,362	2,540
Total Charter Revenue	7,924	6,639
Total Revenue from providing goods or services	3,278,879	2,278,081
Student Accommodation Revenue		
Rent Received Student Accommodation	538,133	205,137
Total Student Accommodation Revenue	538,133	205,137
Government Grants		
COVID-19 Wage Subsidy Received	221,462	-
Total Government Grants	221,462	-
Other revenue		
Facility Hire	13,228	2,960
Fuel Sales	26	76
Interest Received	15,825	7,101
Expenses - recharged	69,276	10,827
Subvention Payment GasNet	336,352	-
Sundry Revenue	39,674	11,742
Total Other revenue	474,381	32,705
	2020 (\$)	2019 (\$)

3. Analysis of Expenses

Cost of Sales

Airport Landing Charges	75,513	56,766
Aircraft Hire Expenses	294,652	235,506
Airways Charges Expenses	20,170	17,896
Charter Expenses	-	577
Commission	177,523	122,860
Customer Amenities	10,051	11,964
Discount - Provided to students	-	7,356
Exam Fees	150,212	133,330
Fuel & Oil	384,128	320,004
Training Aids and Equipment	10,261	-
Hireage of Aircraft - WDCHL	180,864	85,350
Insurance - Aircraft	71,440	36,730
Student Expenses	64,685	20,967
Maintenance	358,123	186,283
Occurrence Investigation Fees	4,722	957

	2020 (\$)	2019 (\$)
Stock from Inventory	86,671	45,880
Student Training Expenses - Fees Paid to other Organisations	33,960	28,819
Total Cost of Sales	1,922,975	1,311,244
Student Accommodation Expenses		
Amenities (food)	62,064	-
Cleaning	26,196	20,076
Insurance	144	-
IT Support	3,603	-
General Expenses	621	-
Light, Power & Heating	42,307	24,292
Printing Stamps & Stationary	290	-
Protective Clothing & Uniforms	102	-
Rates	1,010	-
Rent Paid	202,324	132,774
Repairs & Maintenance	10,986	932
Security	1,117	-
Staff Training/Recruitment	501	-
Telephone & Internet	4,617	2,961
Transport	12	-
Total Student Accommodation Expenses	355,894	181,034
Expenses		
Administration and Operating Costs		
ACC	20,179	-
Accounting	33,218	24,000
Advertising	8,200	17,123
Advisory Board Expenses	1,909	617
Aircraft Supplies	-	5,000
Fees and Audit Costs - NZQA, CAA, TEC and other	74,798	5,509
Audit NZ Fees	29,413	16,960
Bank Fees	563	1,037
Bank Merchant Fees	2,180	1,243
Board Expenses (Includes Directors Fees, room hireage & catering)	65	78
CAA Licence Fees	2,653	19,115
Cleaning	24,676	19,972
IT Support	17,852	16,964
Consultancy	18,528	447
Donations	900	100
Entertainment	1,177	2,704
Equipment Rental	1,634	1,634
General Expenses	4,987	5,131
Graduation Expenses	1,357	12,716
Indigo Project Expenses	18,635	19,850
Insurance - other than Aircraft	6,928	11,113
Legal expenses	16,476	5,120

	2020 (\$)	2019 (\$)
Light, Power, Heating	22,544	14,082
Motor Vehicle Expenses	5,612	7,855
NZQA Fees	-	15,293
Office Expenses	37,007	24,256
Professional Development/ Staff Qualifications	2,075	20,366
Protective Clothing & Uniforms	1,851	11,612
Markhams/PWC - Tax Return Fee	7,650	-
Public Trust Fees	10,950	5,290
Rates	819	6,385
Rent - WDCHL	139,078	118,606
Repairs & Maintenance	22,830	28,483
Security	2,036	2,567
Safety Management System Expenses	32,184	36,573
St. George's Campus Expenses	107	-
Staff Training and Recruitment	6,038	16,260
Subscriptions	6,594	22,529
Telephone & Internet	10,402	10,594
Tracking Fee	2,443	2,601
Travel & Accommodation	26,941	27,284
Total Administration and Operating Costs	623,488	557,069
Wages & Salaries		
Wages & Salaries	1,417,738	794,685
Total Wages & Salaries	1,417,738	794,685
Amortization, Depreciation & Impairment		
Depreciation Fixed Assets		
Motor Vehicles	11,331	11,240
Office Equipment	7,674	6,155
Plant & Equipment	4,497	3,327
Total Depreciation Fixed Assets	23,503	20,722
Engine Overhaul Depreciation	27,207	13,917
Impairment Goodwill	396,000	-
Impairment Vietnamese License Fee	18,129	-
Total Amortization, Depreciation & Impairment	464,838	34,640
Total Expenses	2,506,065	1,386,394

4. Analysis of Assets

Cash and Cash equivalents

	2020 (\$)	2019 (\$)
Cheque Account	298,181	27,534
Savings Account (on call)	563,506	60,387
Student Account (on call)	69,859	5,854
Total Cash and Cash equivalents	931,545	93,775

	2020 (\$)	2019 (\$)
Trade & other receivables & Prepayments		
Non-Exchange Transactions		
-	-	-
Total Non-Exchange Transactions	-	-
Exchange Transactions		
Accounts Receivable	226,424	263,849
less Provision for Doubtful Debts	(8,146)	(8,146)
Prepayment Rent	-	5,027
Prepayment Travel	5,679	7,457
Student Fees held by Public Trust	3,278,484	1,474,317
Total Exchange Transactions	3,502,441	1,742,504
Total Trade & other receivables & Prepayments	3,502,441	1,742,504
Inventory		
Work in Progress	7,565	7,565
Total Inventory	7,565	7,565
Income Tax Receivable		
Income Tax Receivable	4,741	6,963
Total Income Tax Receivable	4,741	6,963
Other current assets		
Bonds paid student accommodation	7,520	4,640
Interest Held by Public Trust	2,150	-
Total Other current assets	9,670	4,640
Non-current assets		
Deferred Tax asset	-	115,248
Goodwill (also see note 6)	-	396,000
Vietnam CAA Fees	-	18,129
Engine Overhaul Cost		
Engine Overhaul Cost	104,699	104,699
Engine Overhaul Provision Expensed	(41,124)	(13,917)
Total Engine Overhaul Cost	63,574	90,781
Total Non-current assets	63,574	620,158
	2020 (\$)	2019 (\$)

5. Analysis of Liabilities

Trade & Other payables

Non-exchange Transactions

-	-	-
Total Non-exchange Transactions	-	-

Exchange Transaction

Accounts Payable	1,064,050	534,544
PAYE Liability	34,955	16,939

	2020 (\$)	2019 (\$)
Nazareth Unspent Set-up Costs	(5,495)	-
St. George's Unspent Set-up Costs	17,131	-
Total Exchange Transaction	1,110,641	551,483
Total Trade & Other payables	1,110,641	551,483
GST		
GST	28,703	5,725
Employee Costs Payable		
Wage Liability	89,075	40,250
Wage Liability - Student Rent Account	-	715
Wage Liability - Contractor Payment Deduction	468	520
Accrued Annual Leave	138,553	74,378
Total Employee Costs Payable	228,096	115,863
Deposits Held		
Deposits Held Student Accommodation	19,810	13,020
Revenue in Advance		
Prepaid Flight Packages	14,098	9,545
Student Revenue in Advance held by Public Trust	3,013,449	1,474,317
Total Revenue in Advance	3,027,546	1,483,862
Unused Donations and Grants Received		
Covid-19 Wage Subsidy received in advance	114,042	-
Hardship Grant Held	3,503	-
Total Unused Donations and Grants Received	117,546	-

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

2019	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Cost	53,524	29,881	28,522	111,926
Accumulated Depreciation	22,433	13,386	12,800	48,618
Net Book Value	31,091	16,495	15,722	63,308

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
Net Book Value	21,250	21,053	16,138	58,441

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

	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Opening Balance	31,091	16,495	15,722	63,308
Additions	1,490	12,233	4,913	18,635
Disposals	-	-	-	-
Revaluations	-	-	-	-
Depreciation	11,331	7,674	4,497	23,503
Net book value	21,250	21,053	16,138	58,441

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.

	2020 (\$)	2019 (\$)
8. Income Tax		
Component of tax expense		
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	79,617
Total Component of tax expense	115,248	79,617
Total Income Tax	115,248	79,617

Relationship between tax expense and accounting profit

	2020 (\$)	2019 (\$)
Net surplus before tax	(272,078)	(362,749)
Tax at 28%	(76,182)	(101,570)
Plus (less) tax effect of:		
Non-deductible expenditure	176	405
Imputation Credit Adjustment	-	-
Non-taxable income	(94,179)	-
Non-deductible expenditure	187,422	-
Prior year Adjustment	-	-

	2020 (\$)	2019 (\$)
Group loss offset	-	-
Deferred tax adjustment	98,011	180,782
Tax Expense	115,248	79,617

Deferred tax asset (liability)

	Property, plant and equipment	Employee entitlements	Other provisions	Tax losses	Total
Balance at 30 June 2018	-	10,361	5,032	179,473	194,866
Charged to surplus or deficit	-	10,465	(2,751)	(87,331)	(79,617)
Charged to other comprehensive income	-	-	-	-	-
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	-	-	-	-	-

A deferred tax asset has not been recognized in relation to tax losses of \$109,817 and temporary differences of \$165,084.

	2020 (\$)	2019 (\$)

9. Borrowings

Non-Current Portion

IRD Business Continuity Loan	(64,000)	-
Secured Loans	-	-
Total Non-Current Portion	(64,000)	-
Total Borrowings	(64,000)	-

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.

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.

(2019: \$291,197 accounts payable to WDCHL were converted to 291,197 ordinary shares worth \$1 per share. This issue of new shares was approved by the ultimate shareholder - The Whanganui District Council.)

Refer to Note 13 for the breakdown of further advances in the year converted to share capital.

	2020 (\$)	2019 (\$)
10. Compensation for Key Management Personnel		
Salaries & Short Term Benefits	194,100	153,388
Professional Development	1,950	20,366
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Directors benefits	-	-
Directors benefits whilst overseas	-	-
Total Compensation for Key Management Personnel	196,050	173,754

Key Management Personnel consist of the CEO Phillip Bedford and the Directors. Directors fees are paid through Whanganui District Council Holdings Limited and relate to the whole group. Directors Benefits include fees paid to directors whilst travelling overseas representing the company. During the 2020 financial year, no Directors travelled overseas. (2019: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. (2019: Nil)

13. Related Parties

The following transactions with related parties occurred during the year:

- During the 2020 financial year, WDCHL advances \$ 245,000 to the company to assist with working capital needs (due to growth) this was repaid during the year. (2019: \$291,197).
- NZICPA owes WDCHL \$28,750 in relation to \$141,952 advanced to do with the fit out of Buildings. \$113,202 was paid during the year.(2019: Nil).
- NZICPA paid WDCHL \$180,864 for the lease of the Holdings aircraft for the year. (2019: \$85,350).
- NZICPA paid WDCHL \$113,000 for the lease of the hangar. (2019:\$113,000).
- NZICPA paid WDC \$2,803 for land lease for the year. (2019:\$5,606). NZICPA paid WDCHL \$8,410 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 \$30,718 in the 2020 financial year for accounting services. (2019: \$29,000). NZICPA also paid Doyles Audit \$2,500 in the 2020 financial year for an agreed upon procedure review for TEC. (2019:\$2,500)
- NZICPA tax loss of \$336,352 was transferred to GasNet via a subvention payment for the same value.

	2020 (\$)	2019 (\$)
14. Equity		
Share Capital - 1,315,747 ordinary shares issued & paid up		
Opening Balance	1,315,747	1,024,550
Ordinary shares - issued & paid up	-	291,197
Total Share Capital - 1,315,747 ordinary shares issued & paid up	1,315,747	1,315,747
Retained Earnings		
Opening Balance	(946,787)	(504,420)
Current Year Earnings	(387,326)	(442,367)
Total Retained Earnings	(1,334,113)	(946,787)
Total Equity	(18,366)	368,960

Shares on Issue

The board have authorised the issue of 1,315,747 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 \$ 3,502,441 (2019: \$1,742,504)

Financial Liabilities

- Financial liabilities loans and borrowings (Note 9) \$ 64,000 (2019: \$Nil)
- Other Financial liabilities at amortised cost - Trade and other payables (Note 5) \$ 1,127,754 (2019: \$552,198)

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:

	2020	2019
Less than one year	372,118	124,213
Between one and 5 years	622,649	502,019
Greater than 5 years	269,100	269,100
Total non-cancellable operating lease payments	1,263,867	895,331

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 30 September 2023.

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

Goodwill has been impaired refer to note 6 for full details.

18. Events Occurring After Balance Date

In October 2022 NZICPA agreed to purchase its maintenance provider Aero Care Limited. The effects of Covid-19 are disclosed in Note 17. (2019:None)

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 67A of the Local Government Act 2002 requires that the company complete its 30 June 2020 annual report before the close of 30 November 2020. Due to delays the 30 June 2020 annual report was completed in August 2023.